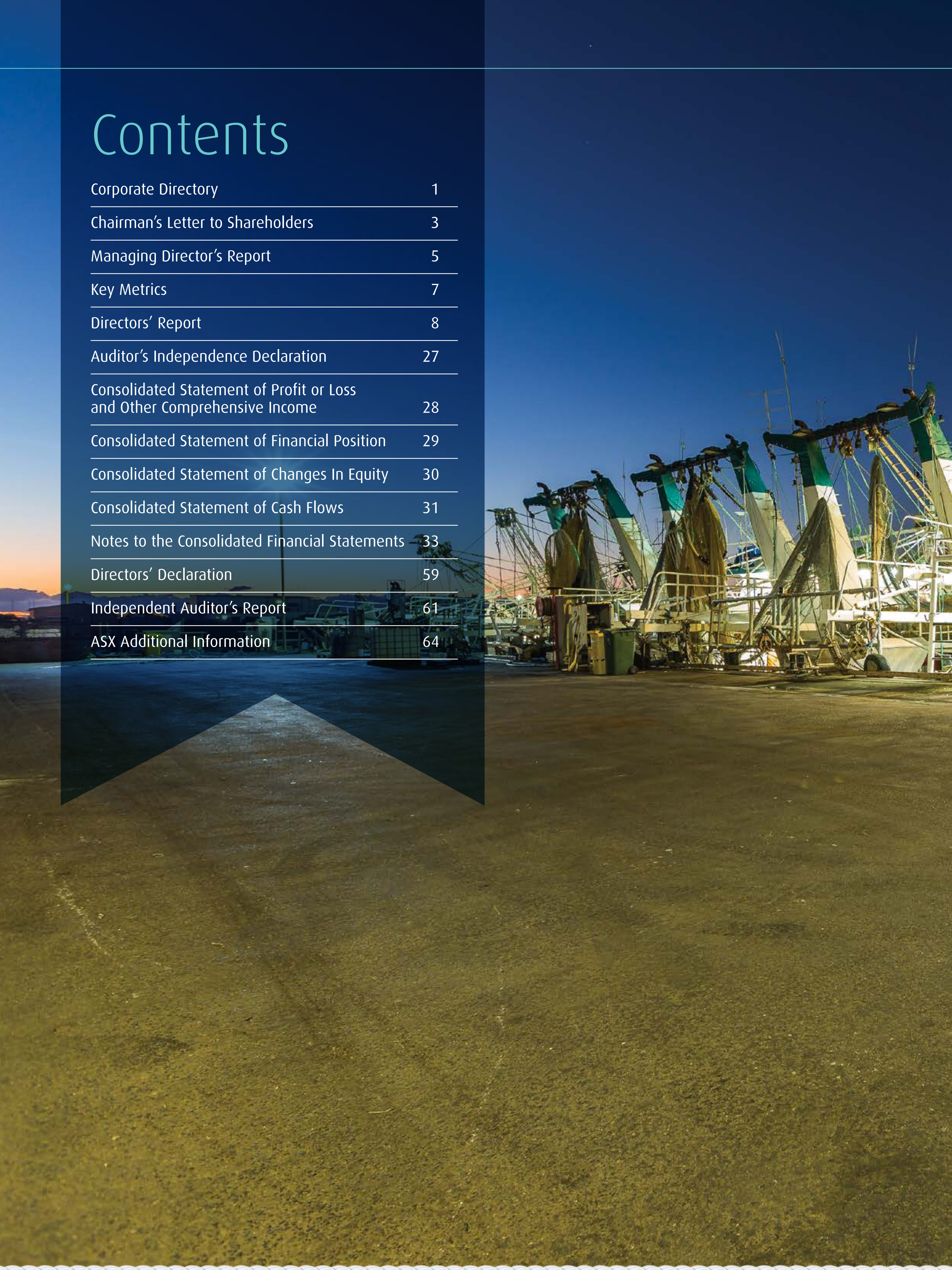
2017 ANNUAL REPORT

Mareterram

MARETERRAM LIMITED [ACN 009 248 720]
and incorporated entities for the
financial year ending 30 June 2017

Contents



Corporate Directory

Directors
Peter Hutchinson, David Lock, James Clement, Mark Pitts, Felix Ratheb, Fred Robertson, and Muhammad Brey

Company Secretary
Richard Duncan

Registered Office
Suite 8, 7 The Esplanade, Mount Pleasant, WA 6153
Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Corporate Office
Unit 4, 24 Mews Road,
South Fremantle, WA 6162
Telephone: +61 8 9435 6500

Auditor
Deloitte Touche Tohmatsu
Tower 2, Brookfield Plaza,
123 St Georges Terrace, Perth WA 6000

Australian Securities Exchange
ASX Code Ordinary Shares: **MTM**

Website Address
www.mareterram.com.au

Corporate Governance
The Company has adopted the 3rd Edition of the ASX Corporate Governance Recommendations.

A summary statement, which has been approved by the Board together with current policies and charters is available on the Company website.

mareterram.com.au/about-us/corporate-governance

Share Registry
Automic Registry Services
Level 2, 267 St George's Terrace
Perth WA 6000
Telephone: +61 8 9324 2099
Facsimile: +61 8 9321 2337

Chairman's Letter to Shareholders

Dear Shareholders

This is the second annual report from Mareterram Limited (Mareterram) since the Company was reinstated on the ASX in January 2016 and commenced operations as an agribusiness company. This is the Company's first full-year of operations since that date and I am pleased to present our results and this annual report to you.

Mareterram has reported a net profit after tax from continuing operations of $4.6 million, compared with a loss of $5.1 million for the prior year. It is pleasing to note this significantly improved result.

The operations of the company over the last 12 months have focussed on three key outcomes:

- ensuring that the fishing business maximised its catch of prawns, scallops, crabs and by-catch in the Shark Bay Prawn Managed Fishery;
- ensuring that our sales team maximised the value of every kilo caught; and
- ensuring that the sales team focussed on selling its range of imported and domestic traded products.

One of Mareterram's key strategies is to deliver growth through investment in agribusiness. The Company is evaluating a range of agribusiness opportunities in seafood and non-seafood industry sectors. Our investment hurdles are rigorous in order to ensure that any investment we make adds value to shareholders. To date, the opportunities we have evaluated have not met those hurdles. We are continuing to search for the right investments.

During the year, three licence packages in the Shark Bay Prawn Managed Fishery were sold. The values at which the licence packages transacted were significantly higher than Mareterram's purchase price of similar licence packages acquired in December 2015.

Over the last 12 months, the Board and management of Mareterram have focussed on improving Mareterram's safety systems and safety performance. This required a cultural change, driven by the Company's leaders. We have made great progress, although it is a job which is never complete. Our efforts were recognised when we won the Safety Award at the Western Australian Fishing Industry Awards in August 2017.

We have valuable assets, a strong management team and an engaged workforce, which will enable us to continue to focus on improving both the operational and financial performance of the company as well as seeking growth opportunities that will deliver value for shareholders.

On behalf of the directors, the management and the team at Mareterram, I thank all shareholders for their continuing support and commitment to the company.

Sincerely,

Peter Hutchinson
Chairman

Managing Director's Report

Dear Shareholders

Mareterram Limited ('Mareterram' or 'the Company') has completed its first full year operating as an agribusiness company. The operations of the Company comprise its fishing operations in Shark Bay and its domestic and overseas trading businesses.

The fishing season in Shark Bay operates for approximately 7 months of the year. The financial results presented in this annual report are a combination of 4 months of the 2016 fishing season and 3.5 months of the 2017 fishing season. The Company's trading division is responsible for the sale of the product our fishing business catches, as well as product from both domestic and overseas suppliers which the Company sells to Australian and export markets.

Financial Performance

Mareterram delivered Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $6.0 million for the financial year, compared to a $4.8 million loss for the previous financial year and a net profit after tax from continuing operations of $4.6 million, compared with a loss of $5.1 million for the previous financial year. This is a great result for the Company.

Revenue for the Company increased significantly from $16.3 million last year to $49.0 million in 2017, mainly driven by the operation of the business in its current form for a full twelve months.

Although fishing volumes of prawns were approximately 23% below expectations in the 2016 season, volumes of other products and prices partially offset the reduced volume. Volume during the first half of the 2017 season, which commenced in mid-March, is in line with expectations.

The Company's balance sheet is strong, showing net assets of $24.5 million, an increase of $4.2 million from the previous year. The balance sheet includes a deferred income tax liability of $7.6 million which the Company was required to book following a reinterpretation of an accounting standard (AASB112) in relation to the value of its licences.

Operational Update

Throughout the financial year we focussed on ensuring our vessels were as reliable as possible, in order to maximise our catch of products in Shark Bay. This included the acquisition of an 11th vessel and the introduction of a rebuild program which will see all our vessels rebuilt over a period of slightly more than three years.

In January 2017, the Federal Government imposed a six-month ban on the importation of raw prawns into Australia due to the detection of White Spot virus in prawn farms and a river in Queensland. The ban caused a shortage of supply of raw prawns in Australia, which put upward pressure on prices. This was beneficial to the Company as it started selling 2017 season prawns.

During the six-month import ban, the Government, through the Department of Agriculture and Water Resources (DAWR) exempted a number of imported prawn products from the ban. The exemptions included Mareterram's wild-caught Australian prawns which are sent to Thailand for processing and then re-imported to Australia.

On 6 July 2017, DAWR lifted the ban on imported prawns, but imposed a strict inspection regime to ensure that any contaminated prawns are unable to enter Australia. Mareterram believes that, whilst this is not as effective as a ban, if the inspection process remains diligent, Australian fisheries should be protected from the spread of White Spot.

We were successful in being awarded a grant of $157,000 from the Department of Agriculture and Food in WA for export market development into Asia. This is an important part of expanding our export opportunities.

In December 2016, we completed the implementation of an ERP system which was delivered on time and within budget. This platform is scalable for our proposed business growth.

People

We have continued our investment in high quality people at all levels of our business. We have invested in a full time mergers and acquisitions resource which reflects our focus on acquisition growth. We continue to reinforce our values, which reflect the behaviours we expect from our employees.

Safety

Mareterram is committed to the safety of our people. The fishing business we acquired has been operating for 40 years, so improving safety required significant cultural change, driven by the Board and senior management. We recognise that safety is a never-ending journey, and we continue to improve every day. We were recently recognised for the progress we have made by winning the Safety Award at the Western Australian Fishing Industry Awards.

Mareterram will continue to maintain its focus on safety, both on land and at sea.

Business Strategy

Over the last 12 months, we have refined our business strategy to focus on the following four pillars.

Maximise the volume and value of our catch

This strategy has two components. The first is ensuring our vessels can fish every available night. We have made progress in implementing this strategy and the fishing division is currently on track to reduce 'lost nights' by 20% from the previous fishing season. This improvement has been achieved through a focus on employee culture and vessel reliability. The second component is ensuring we sell at the maximum price, which our sales team has delivered.

Maximise utilisation of assets

This strategy comprises utilising our vessels in our 'off-season' to catch other products. We have acquired some additional crab and scallop quota as well as obtaining additional quota to fish during the season. The strategy also involves the utilisation of our shore-based assets, including our slipway and engineering work. Progress has been made on this strategy with our vessel rebuild plan and some third-party work.

Grow our Food Business

In December 2016, the Company acquired the Sea Harvest Retail agency from Atlantic Seafoods. This means Mareterram is now the exclusive Australian agent for all Sea Harvest product in both Food Service and retail channels.

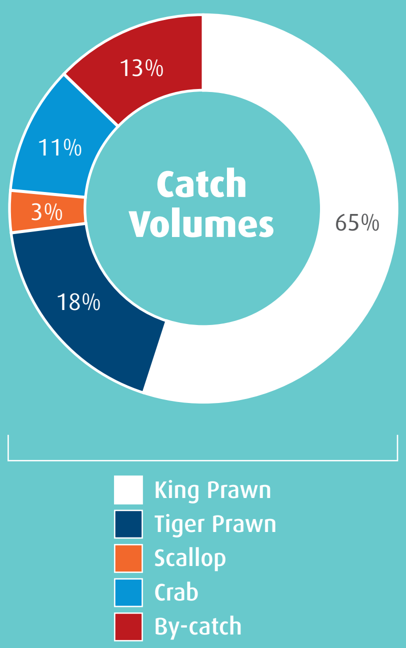
Build value, scale and diversification through strategic acquisitions

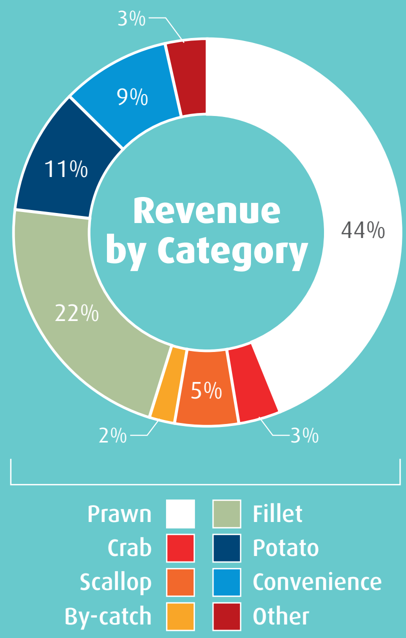
As mentioned above, the Company has added a mergers and acquisition resource in-house, to be able to accurately and quickly evaluate acquisition opportunities. Our financial hurdles for acquisitions are set to ensure any acquisition adds value to shareholders. Mareterram enjoys a healthy pipeline of opportunities which are being reviewed.

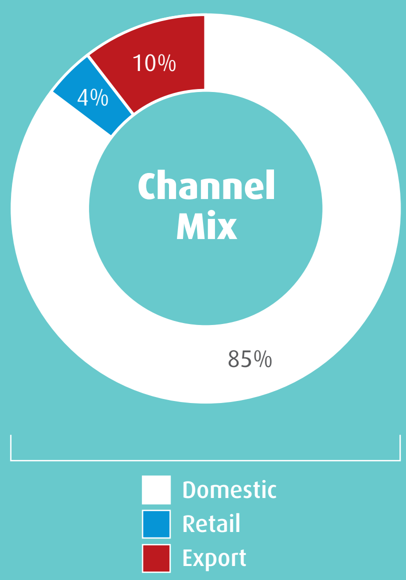
On behalf of the management team and staff of Mareterram, I would like to thank you, our shareholders, for your continued support.

David Lock
Managing Director and Chief Executive Officer

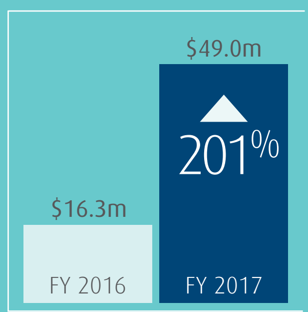
Key Metrics



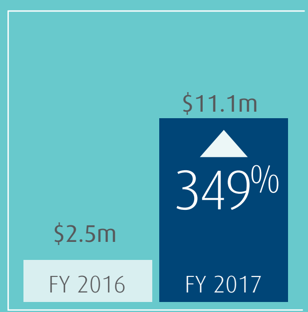




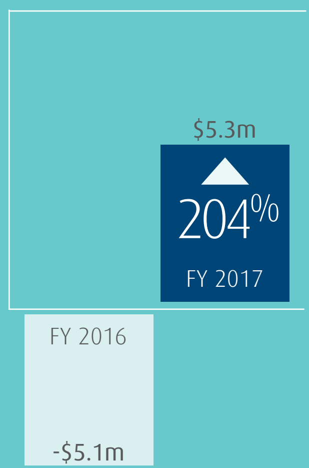
Revenue



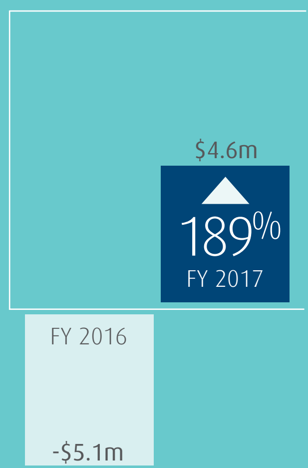
Gross Profit



EBIT



NPAT



Directors' Report

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities for the financial year ended 30 June 2017.

Directors

The names of directors in office at any time during or since the end of the financial year are:

- Peter Hutchinson [1]
- David Lock [2]
- James Clement [3]
- Mark Pitts [4]
- Felix Ratheb [5]
- Fred Robertson [6]
- Muhammad Brey [7]

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

- Richard Duncan [8] BBus, CPA

Information on Directors and Company Secretary

(as at release date of this report)

Peter Hutchinson BCom, FCPA, FAICD

Chairman (Non-Executive) appointed 16 May 2013

Experience

Mr Hutchinson holds a Bachelor of Commerce (UWA) and is a Fellow of both the Australian Institute of Company Directors and Certified Practicing Accountants. He has at the most senior level (via private equity) managed a diverse portfolio of industrial investments in manufacturing, engineering, construction and property over a 30-year period.

Peter chaired listed public company AI Limited and more recently Resource Equipment Ltd. He was a Non-Executive Director of Kumarina Resources Ltd. Previously founding shareholder, CEO and Chairman of Forge Group Ltd. He holds private equity investments in commercial, industrial and rural real estate and until recently, construction activities in West Africa.

Peter has experience in M&A, prospectus preparation, ASX listings, ASIC issues, corporate governance, company secretarial requirements and exit strategies. Member of Audit Committee, Remuneration and Nomination Committee, often as Chairman.

Interest in Shares	Interest in Options
3,281,250	2,500,000

Interest in performance rights

Nil

Special responsibilities

Member Audit Committee, Chair of Remuneration and Nomination Committee

Directorships held in other listed entities in the last three years

Resource Equipment Limited – February 2013 to January 2015

David Lock B. Comm, CA, FAICD

Managing Director appointed 1 January 2016

Experience

Mr Lock is a Chartered Accountant and joined the Craig Mostyn Group, a privately owned agribusiness company, in 1996. He was appointed CEO of the Group in 2004 and oversaw the growth of each of the Craig Mostyn Group's key divisions until he left in December 2015. He joined Mareterram on 1 January 2016.

He was appointed to the Board of Food Industry Association of WA in 2007, and chaired that body from 2008 to 2011. In 2012, he was appointed as Chairman of the WA Meat Industry Authority and in January 2014 was appointed as a Non-Executive director of the Water Corporation. In 2015, he was appointed to the Curtin Business School Advisory Council. In 2012, Mr Lock was recognised as the Australian Agribusiness Leader of the year and in 2013 was inducted as an Australian Export Hero by the Export Council of Australia. He is a fellow of the Australian Institute of Company Directors.

Interest in Shares	Interest in Options
1,937,500	Nil

Interest in performance rights

3,125,000 performance rights vesting in three equal tranches on 30 June 2019 if cumulative EPS is $0.0928, on 30 June 2020 if cumulative EPS is $0.1221, and on 30 June 2021 if cumulative EPS is $0.1543.

The performance rights also have a service condition meaning the Director must remain employed for the entire period.

Special responsibilities

Managing Director and Chief Executive Officer, Member of Risk Committee

Directorships held in other listed entities in the last three years

Nil

James Clement BSc, MBA, Dip.AF, AICD
Director (Executive) appointed 10 August 2015

Experience
Mr Clement has worked in the commercial fishing sector for five years. He was the General Manager of Focus Fisheries before joining Mareterram Limited in 2015. He is also a director of the Western Australian Fishing Industry Council.

He has more than a decade of experience in finance and investment, holds a Masters of Business Administration, a Bachelor of Science in Aquaculture and Seafood Science, a Graduate Diploma in Agribusiness and is a graduate of the Australian Institute of Company Directors.

Interest in Shares	Interest in Options
125,000	Nil

Interest in performance rights

1,562,500 performance rights vesting in three equal tranches on 30 June 2019 if cumulative EPS is $0.0928, on 30 June 2020 if cumulative EPS is $0.1221, and on 30 June 2021 if cumulative EPS is $0.1543.

The performance rights also have a service condition meaning the Director must remain employed for the entire period.

Special responsibilities

Chief Operating Officer and Executive Director,
Member of Risk Committee

Directorships held in other listed entities in the last three years

Nil

Felix Ratheb BSc Engineering (Hons) MBA
Director (Non-executive) appointed 3 March 2016

Experience
Mr Ratheb has more than 15 years of experience in the FMCG and fishing industries. He started his career as an International Trade Executive in the non-ferrous metals industry for the company he founded in 1997. In 2003 he joined Sea Harvest as a Commercial Manager, was promoted to Group Sales & Marketing Director in 2006 and CEO in 2013. He completed his Bachelor of Science degree in Electrical Engineering in 1995 and his MBA in 2000. Mr Ratheb serves as an independent trustee on the MSC Board of Trustees in the United Kingdom, where the MSC is the largest eco-labelling and sustainability program for fish stocks globally. He is also a Board Member of the Groundfish Forum headquartered in Canada, the largest whitefish conference globally.

Interest in		
Shares	Options	Performance Rights
125,000	Nil	Nil

Special responsibilities

Member of Remuneration and Nomination Committee and Audit Committee

Directorships held in other listed entities in the last three years

Sea Harvest Group Limited – 2013 to present

Mark Pitts BBus, FCA, AICD
Director (Independent Non-executive) appointed 10 August 2015

Experience
Mr Pitts is a Fellow of the Institute of Chartered Accountants and a graduate member of the Australian Institute of Company Directors. He has more than 25 years experience in statutory reporting and business administration.

Mr Pitts has been directly involved with, and consulted to a number of public companies holding senior financial management positions.

He is a Partner in the corporate advisory firm Endeavour Corporate providing company secretarial support; corporate and compliance advice to a number of ASX listed public companies.

Interest in		
Shares	Options	Performance Rights
125,000	Nil	Nil

Special responsibilities

Chair Audit Committee and member of Remuneration and Nomination Committee

Directorships held in other listed entities in the last three years

New Zulu Limited – February 2012 to February 2015

Fred Robertson
Director (Non-executive) appointed 16 August 2016

Experience
Dr Robertson is executive chairman and co-founder of Brimstone Investment Corporation and is a leading figure in the South African business community. His trusteeships and patronages include: Chairman of the Board of Trustees of the University of the Western Cape Foundation; Interim Chairman of the Jakes Gerwel Foundation; Member of the Cape Peninsula University of Technology Entrepreneurship Advisory Board; Trustee of the Masisizane Fund; Patron to the South African Academy for Young Leaders; and Patron to the Youth Unemployment Peoples Project. He received the CNBC AFRICA All Africa Business Leadership Awards (AABLA) Entrepreneur of the Year Award 2014. In 2016 Dr Robertson was conferred an Honorary Doctorate in Philosophy by the University of the Western Cape and received the Kaapstad Sakekamer Die Burger Sakeleier 2016 Award.

Interest in		
Shares	Options	Performance Rights
243,750	Nil	Nil

Special responsibilities

Member of Remuneration and Nomination Committee, and Audit Committee

Directorships held in other listed entities in the last three years

- Novus Holding Ltd – 2015 to April 2017
- Brimstone Investment Corporation Ltd – 1995 to present
- Remgro Ltd – 2001 to present
- Sea Harvest Group Limited – 2009 to present

Muhammad Brey CA
Director (Non-executive) appointed 8 September 2017

Experience
Mr Brey joined Sea Harvest in October 2016 as Chief Investment Officer and is responsible for driving the Company's acquisition and growth strategy. Mr Brey is a qualified Chartered Accountant. After completing articles at KPMG, he joined the Corporate Finance division of Nedbank Capital where he implemented a number of mergers, acquisitions, listings and Black Economic Empowerment transactions. In 2009, Mr Brey joined Brimstone Investment Corporation Limited ("Brimstone") as Managing Executive where his responsibilities included identifying, implementing and funding acquisitions, managing Brimstone's investment portfolio and driving growth at portfolio companies. During this time, he was the managing executive responsible for Brimstone's investment in the Sea Harvest Group Limited ("Sea Harvest"), Mareterram's holding company. Mr Brey is currently an Executive Director and Chief Investment Officer for Sea Harvest, responsible for the Group's organic and acquisitive growth strategy.

Interest in		
Shares	Options	Performance Rights
95,000	Nil	Nil

Special responsibilities

Member of Remuneration and Nomination Committee and Audit Committee

Directorships held in other listed entities in the last three years

Sea Harvest Group Limited – October 2016 to present

Company Secretary

Richard Duncan BBus, CPA
Company Secretary appointed 3 March 2016

Experience
Mr Duncan is an experienced finance professional across a range of industries, including manufacturing. He was previously CFO at AllightSykes Pty Ltd, a subsidiary of Seven Group Holdings and was previously Group Financial Controller and Assistant Company Secretary at iiNet Limited and the Financial Services Manager at Recall Australasia, a division of Brambles Limited (prior to the demerger of Recall by Brambles in 2013). He holds a Bachelor of Business with a double major in Accounting and Finance and is a Certified Practising Accountant.

Interest in		
Shares	Options	Performance Rights
100,000	Nil	Nil

Special responsibilities

Member of Risk Committee

Directorships held in other listed entities in the last three years

Nil

Principal Activities

The Mareterram group is a vertically integrated agribusiness headquartered in Fremantle, Western Australia, providing premium quality and sustainable produce to Australian and International consumers.

Mareterram Fisheries (formerly Nor-West Seafoods) is the single largest owner operator in the Shark Bay Prawn Managed Fishery. Mareterram Fisheries has a long and proud history of operating within the fishery for over 50 years. Western King Prawns and Brown Tiger Prawns are the major target species caught each year by our vessels for our loyal customers here in Australia and overseas. Mareterram Fisheries also catch and make available a range of other species such as scallops, blue swimmer crabs, squid and cuttlefish.

Mareterram Fisheries fleet of prawn trawlers are set up to process, package, and snap freeze all their catch at sea, ensuring a high quality, consistent and sustainable seafood product. Our crews are highly trained to handle and process product to the exacting standards expected by consumers around the world.

Mareterram Foods is the sales and marketing arm of Mareterram Limited and is the first point of contact with our customers. The Foods business manages the sales of the Fisheries product from Shark Bay together with other premium, sustainably caught seafood that we source from our worldwide network of key suppliers.

The Foods business also acts as exclusive agent for other premium food brands, including Sea Harvest, whose products complement our core seafood offering.

Operating Result and Review of Operations

Mareterram delivers a 189% NPAT uplift to $4.6 million

Mareterram Limited ('Mareterram' or 'the Company') has reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $6.0 million which was an increase of $10.8 million from the $4.8 million EBITDA loss in the previous year and has reported a net profit after tax (NPAT) from continuing operations of $4.6 million, an increase of $9.7 million on the net loss after tax of $5.1 million for the prior year.

Revenue for the Company increased significantly to $49.0 million (2016: $16.3 million) driven by the operations of the business in its current form for a full 12 months.

The year ending 30 June 2017 was Mareterram's first full financial year operating as a diversified agribusiness. The Company's operations included fishing in the Shark Bay Prawn Managed Fishery (SBPMF) for prawns, scallops, crabs and by-catch and the distribution of its own product and other food products from domestic and international suppliers to customers in Australia and overseas.

Mareterram Fisheries

The financial year included 4 out of the 7 months of the 2016 fishing season and 3.5 months out of 7 months of the 2017 season. Catches in the 2016 season (which ran from April 2016 to November 2016) were below original estimates for prawns, but this was partly offset by increased prices and lower costs. The volumes for scallops and crabs were both above initial estimates.

The 2017 season commenced in mid-March and catches up to 30 June 2017 were in line with the previous year. The Company was able to sell reasonable volumes from the 2017 season prior to 30 June 2017.

In January 2017, the Federal Government imposed a six-month ban on the importation of raw prawns into Australia due to the detection of White Spot virus in Queensland. The ban caused a shortage in supply of raw prawns in Australia, which put upward pressure on prices. On 6 July 2017, DAWR lifted the ban and imposed a strict testing regime on all imported raw prawns to test for white spot. Any prawns which fail the test must be re-exported.

Mareterram sells its product into domestic and international markets, although the increased prices in the domestic market saw more product being sold locally. The Company's main export markets were Japan, China, Hong Kong and Europe.

In November 2016, the Company acquired an 11th fishing vessel which allowed it to maintain continuous engineering operations in Carnarvon to rebuild three boats per annum and completely rebuild the fleet over a period of just over three years.

Mareterram Trading

Mareterram Trading sells all the product caught by Mareterram Fisheries as well as seafood and other food products from overseas and Australian suppliers. Under the terms of acquiring the Mareterram Trading business from the Craig Mostyn Group, Mareterram was required to pay an additional cash payment based upon the achievement of a specified level of EBITDA, as defined in the purchase agreement. The maximum potential undiscounted payment amount was $1.5 million.

The EBITDA threshold was not achieved and the contingent consideration of $1.5 million has subsequently been written back to the income statement. This adjustment has been recorded in the year ending 30 June 2017 and is not a prior period measurement adjustment.

Significant Events Occurring during the Period

Sea Harvest Limited Takeover Offer

In July 2016, the Company's largest shareholder, Sea Harvest Group Limited ('Sea Harvest'), concluded a proportional takeover offer at $0.35c per share. Sea Harvest's shareholding is now 56% of Mareterram's issued capital.

Board Restructure

Dr Fred Robertson, Chairman of Sea Harvest, was nominated and appointed as a Director of Mareterram in August 2016. Dr Robertson brings significant global experience in the agri-food industry as well as private equity experience.

Dividends Paid or Recommended

No dividends were paid or declared during or subsequent to the financial year.

Matters Subsequent to the End of the Financial Year

Other than as outlined below, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Further addition to the Board

Mr Muhammad Brey was nominated and appointed as a Non-Executive Director of the Mareterram Board on 8 September 2017.

Environmental Regulations

The consolidated group is subject to significant regulation at both State and Commonwealth levels in respect of its marine operations, land and use tenure and environmental requirements. This includes specific environmental permits, licenses and statutory authorisations, trade and export and workplace health and safety.

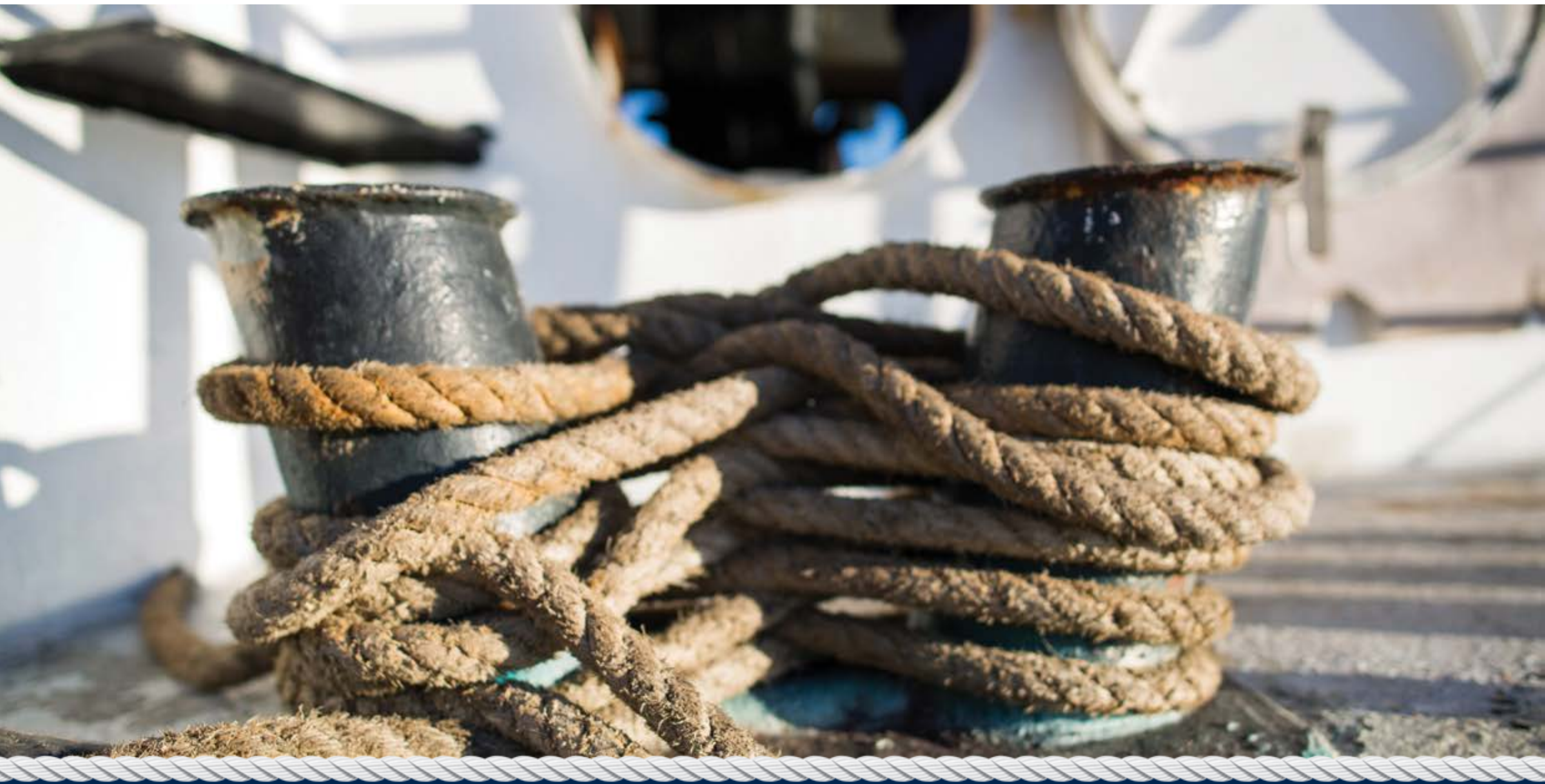
The Directors are not aware of any significant environmental issues arising from the operations of the Company during the financial year and believe that all regulations have been materially met during the period covered by the annual financial report.

Rounding of Amounts

The Company has applied the relief available to it under ASIC Corporations (rounding in Financial/Directors' Report) instrument 2016/191, and accordingly certain amounts in the full year financial report and the Directors' Report have been rounded off to the nearest $1,000, unless otherwise indicated.

Future Developments, Prospects and Business Strategies

Directors are cognisant of the requirement to continuously disclose material matters to the market. At this time, other than matters addressed elsewhere in this financial report, there are no matters sufficiently advanced or at a level of certainty that would require disclosure.



Remuneration Report (Audited)

The Directors present the Remuneration Report (the Report) for the Group for the year ended 30 June 2017. This Report forms part of the Director's Report and outlines the remuneration arrangements of the Group's key management personnel (KMP) in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 300A of the Act.

Introduction

For the purposes of this report, KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Company and include:

- Non-Executive Directors; and
- Executives

For the purpose of this report, the term 'Executive' includes executive directors, senior executives and company secretaries of the Parent Company and the Group. The table below outlines the KMP of the Group during the financial year ended 30 June 2017. Unless otherwise indicated, the individuals were KMP for the entire financial year.

Remuneration Governance

The Board has appointed a Remuneration and Nomination Committee to assist the Board by making recommendations on remuneration packages for Executive and Non-Executive Directors and where appropriate, other executives.

The Remuneration and Nomination Committee is responsible for reviewing the overall remuneration philosophy, strategy, plans, policies and practices (including performance management methodology) to implement the remuneration objective. In making recommendations to the Board, the Remuneration and Nomination Committee ensures a clear link between performance and remuneration. This is achieved by a combination of fixed remuneration, short (STI) and long-term incentives (LTI) with appropriate performance based hurdles which reflect short and long-term performance of the executives and the Group. The Board reviews and approves the remuneration arrangements as recommended by the Remuneration and Nomination Committee. The Board also sets the aggregate remuneration pool for Non-Executive Directors (which is subject to shareholder approval) and individual Non-Executive Director fee levels based on recommendations made by the Remuneration and Nomination Committee.

In making recommendations to the Board, the Remuneration and Nomination Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to the status of the Group and the stage of development of its assets, the skill sets required, trends in comparative ASX listed companies and the need for a balance between fixed remuneration and short and long-term cash and non-cash incentives. The process includes a review of Group and individual performances, broad market remuneration data and relevant comparative remuneration externally and internally.

The Remuneration and Nomination Committee consists only of Non-Executive Directors.

The Managing Director attends certain Remuneration and Nomination Committee meetings by invitation, where management input is required. The Managing Director is not present during any discussions related to his own remuneration arrangements.

Remuneration Policy

It is the policy of the Board to set remuneration levels competitively, to attract and retain appropriately qualified and experienced Directors and senior executives. Remuneration packages for executives will include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the Company and Shareholder approval where required.

Non-Executive Directors receive fees agreed on an annual basis by the Board. Payments of Directors' fees are in addition to any payments to Directors in any employment capacity.

A Director may also be paid fees or other amounts as the Directors determine, if a Director performs special duties or otherwise performs duties outside the scope of the normal duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

To ensure the Remuneration and Nomination Committee is fully informed when making remuneration decisions, it is mandated to obtain external advice from an independent consultant who provides no other services to the Company. The engagement of remuneration consultants is under the direction of the Remuneration and Nomination Committee, which sets parameters around the interaction between management and the consultants with a view of minimising the risk of any undue influence occurring and ensuring compliance with the requirements of the Corporations Act 2001.

The advice and recommendations of remuneration consultants are used from time to time as a guide by the Board and the Remuneration and Nomination Committee. Decisions are made by the Board after its own consideration of the issues but having regard to the advice of the Remuneration and Nomination Committee.

During the year ended 30 June 2017, the Remuneration and Nomination Committee consulted with one external source being PricewaterhouseCoopers (PwC). PwC was engaged to obtain information in relation to alternative structuring of long term incentive schemes for KMP. Interaction between management and the remuneration consultant was limited to gathering background data and information and at the direction of the Chair of the Remuneration and Nomination Committee at the time.

The advice from the remuneration consultant remains under consideration, by the Committee.

Fees associated with the advice from the remuneration consultant were $21,420 (exclusive of GST).

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The following table shows the gross revenue, profits and dividends for the last three years, as well as the share price at the end of the respective financial years:

	2015	2016	2017
	$'000	$'000	$'000
Revenue	106	16,274	49,008
Net Profit/(Loss)	(332)	(5,111)	4,568
Share Price at Year-end ($)*	0.008	0.31	0.27
Dividends Paid	-	-	-

* Subsequent to approval by shareholders at the Company's Annual General Meeting held on 24 November 2015, the Company's issued capital was consolidated on a 40:1 basis.

Non-Executive Director (NED) fee arrangements

Remuneration Structure

The structural component of NED fees is separate and distinct from executive remuneration. It is designed to attract and retain Directors of the highest calibre who can discharge the roles and responsibilities required in terms of good governance, whilst incurring a cost that is acceptable to shareholders.

Fee Policy

The remuneration of NEDs consists of Directors' fees and is adjusted for holding committee and chair roles. The payment of additional fees recognises the additional time commitment required by NEDs who serve as sub-committee chairs. The chair of the Board attends all committee meetings but does not receive any additional committee fees in addition to base fee.

The table below summarises the annual fees payable to NEDs for the 2017 financial year (inclusive of superannuation):

	Board	Committee	Total
	$	$	$
Board fees			
Chair	100,000	-	100,000
NED	40,000	-	40,000
Committee fees			
Chair	-	10,000	10,000

NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs. NEDs do not receive retirement benefits.

Determination of fees and maximum aggregate NED fee pool

NED fees are determined within an aggregate NED fee pool limit. The current pool is a maximum amount of $300,000 per annum to be apportioned between the NEDs as determined by the Board. The maximum aggregate fee pool and the fee structure are reviewed on a periodic basis against fees paid to NEDs of comparable companies.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group.

Director	Positions held as at 30 June 2017 and any change during the year	Contract details (duration & termination)	Proportion of elements of remuneration related to performance: Related – Short term incentives	Related – Shares/ Units	Related – Options / Rights	Not Related – Fixed Salary/Fees	Total
			%	%	%	%	%
Peter Hutchinson	Non-Executive Chairman Appointed 16 May 2013	Subject to the Company's constitutional rules on retirement and termination of Directors.	-	-	-	100	100
David Lock	Managing Director Appointed 1 January 2016	Contracted from 1 January 2016, refer to details set out in this report. Subject to normal commercial conditions, six months notice required to terminate.	40	-	-	60	100
James Clement	Executive Director Appointed 10 August 2015	Contracted from 1 January 2016, refer to details set out in this report. Subject to normal commercial conditions, six months notice required to terminate.	40	-	-	60	100
Mark Pitts	Independent Non-Executive Director Appointed 10 August 2015	Subject to the Company's constitutional rules on retirement and termination of Directors.	-	-	-	100	100
Felix Ratheb	Non-Executive Director Appointed 3 March 2016	Subject to the Company's constitutional rules on retirement and termination of Directors.	-	-	-	100	100
Fred Robertson	Non-Executive Director Appointed 16 August 2016	Subject to the Company's constitutional rules on retirement and termination of Directors.	-	-	-	100	100
Richard Duncan	CFO and Company Secretary Appointed 3 March 2016	Contracted from 3 March 2016. Subject to normal commercial conditions, six months notice required to terminate.	30	-	-	70	100

Details of Remuneration for Year Ended 30 June 2017

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group and, to the extent different, the Group Executives and company Executives receiving the highest remuneration:

2017	Short-term benefits				Post-Employment	Equity		Total
	Salary & fees	STI cash bonus	Non-monetary benefits	Other short-term employee benefits	Super-annuation contribution	Options	Performance rights	
	$	$	$	$	$	$	$	$
Directors								
Peter Hutchinson	73,333	-	-	-	26,667	-	-	100,000
David Lock[1,2,4]	441,460	250,000	28,540	17,103	30,000	-	(147,956)	619,147
James Clement[1,2,4]	214,833	125,000	15,551	8,162	19,616	-	(73,978)	309,184
Mark Pitts	50,000	-	-	-	-	-	-	50,000
Felix Ratheb[3]	-	-	-	-	-	-	-	-
Muhammad Brey[3,6]	-	-	-	-	-	-	-	-
Fred Robertson[7]	30,000	-	-	-	-	-	-	30,000
Executives								
Richard Duncan[5]	186,590	100,000	-	14,938	33,410	-	-	334,938
	96,216	**475,000**	**44,091**	**40,203**	**109,693**	-	**(221,934)**	**1,443,269**

1. Both David Lock and James Clement, per their respective Employment Agreements, were entitled to short term incentives in the form of a cash bonus payment of $250,000 and $125,000 respectively, which was disclosed by way of the Prospectus dated 26 October 2015 and was paid in January 2017. The payments were dependent on the Company's share price being not less than $0.22 per share as calculated by the 10-day average volume weighted price shown on the ASX for the period ending 15 December 2016. The share price target was exceeded per the calculation completed and the calculation was independently verified.
2. The amounts of $28,540 and $15,551 disclosed as non-monetary benefits for David Lock and James Clement respectively, are salary sacrificed amounts pertaining to novated leases on motor vehicles.
3. Felix Ratheb and Muhammad Brey did not receive any benefits and payments directly. A management fee was paid to Sea Harvest, an entity of which they are employed, amounting to $40,000 in lieu of directorship fees.
4. Long term incentives in the form of performance rights issued to David Lock and James Clement are payable based on achievement of non-market financial performance measures under service conditions. The fair value of performance rights is assessed at each reporting date based on probability of achievement of set financial targets and any adjustment to the fair value has been accounted for as a share based payment. Cumulative and projected EPS shortfall to target is significantly material that the achievement of the targets has been deemed highly improbable on a business as usual basis. As EPS is considered a non-market condition the cumulative expense has been reversed during the current financial year.
5. The amount shown as STI of $100,000 for Richard Duncan is a cash incentive payable on accomplishment of company set short term incentive criteria that were based on achievement of budgeted financial performance, role specific non-financial measures and a service retention component.
6. Appointed Non-Executive Director 8 September 2017.
7. Appointed Non-Executive Director 16 August 2016.

2016	Short-term benefits				Post-Employment	Equity		Total
	Salary & fees	STI cash bonus	Non-monetary benefits	Other short-term employee benefits	Super-annuation contribution	Options	Performance rights	
	$	$	$	$	$	$	$	$
Directors								
Peter Hutchinson	38,052	-	-	-	11,948	358,000	-	408,000
David Lock[2,9,10]	231,836	250,000	6,531	19,552	11,633	-	630,100	1,149,652
James Clement[3,9,10]	115,346	125,000	-	8,788	9,654	-	315,050	573,838
Mark Pitts[4]	127,105	-	-	-	-	-	-	127,105
Felix Ratheb[5,6]	-	-	-	-	-	-	-	-
Muhammad Brey[5,7]	-	-	-	-	-	-	-	-
Former Directors								
Marcello Cardaci[1]	25,000	-	-	-	-	-	-	25,000
Faldi Ismail[1]	25,000	-	-	-	-	-	-	25,000
Executives								
Richard Duncan[8]	66,971	-	-	5,511	6,362	-	-	78,844
	629,310	**375,000**	**6,531**	**33,851**	**39,597**	**358,000**	**945,150**	**2,387,439**

1. The Former Directors resigned on 10 August 2015.
2. Appointed Managing Director on 1 January 2016. The amount shown as Other of $250,000 relates to a commencement fee payable within 6 months of commencement date, and as disclosed in Employment Contracts of Directors and Senior Executives further in the Remuneration Report. The amount was also disclosed by way of the Prospectus dated 26 October 2015 and was paid on 30 June 2016. The amount of $6,531 disclosed as non-monetary benefits is a salary sacrificed amount pertaining to a novated lease on a motor vehicle.
3. Appointed Executive Director on 10 August 2015. The amount shown as Other of $125,000 relates to a commencement fee payable within 1 month of commencement date, and as disclosed in Employment Contracts of Directors and Senior Executives further in the Remuneration Report. The amount was also disclosed by way of the Prospectus dated 26 October 2015 and was paid on 15 January 2016
4. Appointed Independent Non-Executive Director on 10 August 2015, and fees of $35,743 were paid as director remuneration. Held the position of Company Secretary from 1 July 2015 to 3 March 2016, and fees of $88,363 were paid as company secretary remuneration.
5. Felix Ratheb and Muhammad Brey did not receive any benefits and payments directly. A management fee was paid to Sea Harvest, an entity of which they are employed, amounting to $13,333, in lieu of directorship fees. Refer note 27.
6. Appointed Non-Executive Director 3 March 2016.
7. Appointed Alternate Director 3 March 2016.
8. Appointed CFO and Company Secretary 3 March 2016.
9. During the 2016 financial year there was remuneration paid in the form of share options and performance rights which was performance related. 5,000,000 options to acquire shares were issued to Peter Hutchinson and were approved by shareholders at the Annual General Meeting held on 23 November 2015. 6,250,000 performance rights were issued to David Lock and 3,125,000 performance rights were issued to James Clement and were approved by shareholders at the Annual General Meeting held on 23 November 2015. A portion of the fair value of the securities issued that related to the current financial year has been accounted for as a share based payment. Refer note 24.
10. Both David Lock and James Clement, per their respective Employment Agreement, are entitled to short term incentives in the form of a cash bonus payment. The payments are dependent on the Company's share price being not less than $0.22 per share as calculated by the 10-day average volume weighted price shown on the ASX for the period ending 15 December 2016. As the payment of this bonus is contingent upon the Company's future share price, no portion of the bonus has been recorded as at 30 June 2016. Should the share price criteria be met, the total bonus payable to David Lock is $250,000, and to James Clement is $125,000.

Long Term Incentives

The Company had two LTI plans in operation during FY2017, both of which were issued in the prior period. The LTIs are a combination of Incentive Options and Performance Rights as part of total remuneration. The grant of the Incentive Options and Performance Rights is designed to:

(a) (in the case of Messrs Hutchinson and Clement) reward them for the significant efforts they have put into the recapitalisation of the Company, the acquisitions of the Food Services and Fisheries Divisions and relisting; and

(b) encourage the participating Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership.

Details of the Incentive Options and Performance Rights issued are outlined below.

Incentive Options Granted as Part of Remuneration

There are 2,500,000 (2016: 5,000,000) incentive options over shares that remain on issue to Peter Hutchinson. The options were issued under the following terms:

Fair Value:	$0.0716
Exercise Price:	$0.20
Expiry Date:	5 years from date of issue

Performance Rights Granted as Part of Remuneration

There are a total of 4,687,500 (2016: 9,375,000) performance rights that remain on issue. 3,125,000 remain on issue to David Lock and 1,562,500 remain on issue to James Clement. The performance rights were issued under the following terms:

Fair Value:	$0.20
Vesting Criteria:	1,562,499 vest on 30 June 2019 if the cumulative EPS is $0.0928.
	1,562,499 vest on 30 June 2020 if the cumulative EPS is $0.1221.
	1,562,502 vest on 30 June 2021 if the cumulative EPS is $0.1543.

The Service Condition means that the relevant Participating Director must be employed for the entire period from the date he commences employment with the Company to the relevant Test Date.

Cumulative and projected EPS shortfall to target is significantly material that the achievement of the targets has been deemed highly improbable on a business as usual basis. As EPS is considered a non-market condition the cumulative expense has been reversed during the current financial year.

Employment Contracts of Directors and Senior Executives

The Company employs its Managing Director and Chief Executive Officer Mr David Lock under an Employment Agreement ('Agreement'). Under the terms of the Agreement, Mr Lock commenced employment on 1 January 2016. The key terms of the Agreement are as follows.

Mr David Lock	Managing Director and Chief Executive Officer
Total fixed Base Salary:	$500,000 per annum (inclusive of superannuation).
Long term incentives:	3,125,000 performance rights vesting in three equal tranches on 30 June 2019 if cumulative EPS is $0.0928, on 30 June 2020 if cumulative EPS is $0.1221, and on 30 June 2021 if cumulative EPS is $0.1543. The performance rights also have a service condition meaning the Director must remain employed for the entire period.
Termination conditions/payments:	If there is a material diminution in status or position of Managing Director and Chief Executive Officer of the Company with the effect that Mr Lock would suffer a material diminution in his authority or change in his reporting relationship with the Board, Mr Lock may terminate his employment by written notice and the following provisions will apply: if the material diminution occurs in the 2 years after the Commencement Date, Mr Lock will be entitled to a termination payment of 6 months Base Salary and 50% of his LTIs shall vest; or if the material diminution occurs more than 2 years after the Commencement Date, Mr Lock will be entitled to a termination payment of 6 months Base Salary and all of his LTIs shall vest. The Company may terminate Mr Lock's employment by 6 months notice at any time on or after 1 July 2019 without providing a reason for termination. Mr Lock may terminate the employment by 6 months notice.

The Company employs its Executive Director and Chief Operating Officer Mr James Clement under an Employment Agreement ('Agreement'). Under the terms of the Agreement, Mr Clement commenced employment on 10 August 2015. The key terms of the Agreement are as follows.

Mr James Clement	Executive Director and Chief Operating Officer
Total fixed Base Salary:	$250,000 per annum (inclusive of superannuation).
Long term incentives:	1,562,500 performance rights vesting in three equal tranches on 30 June 2019 if cumulative EPS is $0.0928, on 30 June 2020 if cumulative EPS is $0.1221, and on 30 June 2021 if cumulative EPS is $0.1543. The performance rights also have a service condition meaning the Director must remain employed for the entire period.
Termination conditions/payments:	If there is a material diminution in status or position of Executive Director and Chief Operating Officer of the Company with the effect that Mr Clement would suffer a material diminution in his authority or change in his reporting relationship with the Board, Mr Clement may terminate his employment by written notice and the following provisions will apply: if the material diminution occurs in the 2 years after the Commencement Date, Mr Clement will be entitled to a termination payment of 6 months Base Salary and 50% of his LTIs shall vest; or if the material diminution occurs more than 2 years after the Commencement Date, Mr Clement will be entitled to a termination payment of 6 months Base Salary and all of his LTIs shall vest. The Company may terminate Mr Clement's employment by 6 months notice at any time on or after 1 July 2019 without providing a reason for termination. Mr Clement may terminate the employment by 6 months notice.

The Company employs its Chief Financial Officer and Company Secretary Mr Richard Duncan under an Employment Agreement ('Agreement'). Under the terms of the Agreement, Mr Duncan commenced employment on 3 March 2016. The key terms of the Agreement are as follows.

Mr Richard Duncan	Chief Financial Officer and Company Secretary
Total fixed Base Salary:	$220,000 per annum (inclusive of superannuation).
Termination conditions/payments:	If there is a material diminution in status or position of Chief Financial Officer of the Company with the effect that Mr Duncan would suffer a material diminution in his authority or change in his reporting relationship with the Board, Mr Duncan may terminate his employment by written notice and the following provisions will apply: if the material diminution occurs in the 2 years after the Commencement Date, Mr Duncan will be entitled to a termination payment of 6 months Base Salary; or if the material diminution occurs more than 2 years after the Commencement Date, Mr Duncan will be entitled to a termination payment of 3 months Base Salary. The Company may terminate Mr Duncan's employment by 6 months notice at any time on or after 1 July 2019 without providing a reason for termination. Mr Duncan may terminate the employment by 6 months notice.

KMP Share Holdings

Number of shares held (direct & indirect interest) by each KMP of the Group during the financial year is as follows:

2017	Balance 1.7.16	Vesting of performance rights(1)	Net change during the year	Net Change upon Appointment/ Resignation	Balance 30.6.17
Directors					
Peter Hutchinson	5,000,000	-	(1,718,750)	-	3,281,250
David Lock	750,000	3,125,000	(1,937,500)	-	1,937,500
James Clement	250,000	1,562,500	(1,687,500)	-	125,000
Mark Pitts	250,000	-	(125,000)	-	125,000
Felix Ratheb	500,000	-	(250,000)	-	250,000
Muhammad Brey	95,000	-	-	-	95,000
Fred Robertson	-	-	-	243,750	243,750
	6,845,000	**4,687,500**	**(5,718,750)**	**243,750**	**6,057,500**
Executives					
Richard Duncan	50,000	-	50,000	-	100,000
Total	**6,895,000**	**4,687,500**	**(5,668,750)**	**243,750**	**6,157,500**

(1) 4,687,500 shares granted as a result of the early vesting of performance rights as a consequence of the proportional takeover of Mareterram Limited by Sea Harvest during the period.

KMP Options Holdings

Number of options held (direct & indirect interest) by each KMP of the Group during the financial year is as follows:

2017	Balance 1.7.16	Granted as Remuneration during the year	Options exercised	Options cancelled	Options transferred (2)	Net Change upon Appointment/ Resignation	Balance 30.6.17	Vested and exercisable
Directors								
Peter Hutchinson	5,000,000	-	-	-	(2,500,000)	-	2,500,000	-
Total	**5,000,000**	-	-	-	**(2,500,000)**	-	**2,500,000**	**-**

(2) The Terms and Conditions at initial grant date remain in place. Refer to Note 18. 2,500,000 options were acquired by Sea Harvest for a consideration of $375,000, being the net difference of the option exercise price of $0.20 per ordinary share and the proportional takeover offer of $0.35 per ordinary share. The fair value of the options at grant date were $0.0716 per option.

KMP Performance Rights Holdings

Number of performance rights held (direct & indirect interest) by each KMP of the Group during the financial year is as follows:

2017	Balance 1.7.16	Granted as remuneration during the year	Other	Net Change upon Appointment / Resignation	Balance 30.6.17
Directors					
Peter Hutchinson	-	-	-	-	-
David Lock	6,250,000	-	(3,125,000)	-	3,125,000
James Clement	3,125,000	-	(1,562,500)	-	1,562,500
Mark Pitts	-	-	-	-	-
Felix Ratheb	-	-	-	-	-
Muhammad Brey	-	-	-	-	-
	9,375,000[3]	**-**	**(4,687,500)[3]**	**-**	**4,687,500**
Executives					
Richard Duncan	-	-	-	-	-
Total	**9,375,000[3]**	**-**	**(4,687,500)[3]**	**-**	**4,687,500**

(3) 1,562,499 vest on 30 June 2019 if the cumulative EPS is $0.0928. 1,562,499 vest on 30 June 2020 if the cumulative EPS is $0.1221. 1,562,502 vest on 30 June 2021 if the cumulative EPS is $0.1543. Pursuant to a Proportional Takeover and the terms of the Performance Rights, the Board approved the vesting of 50% of the Performance Rights held by both Mr Lock and Mr Clement. This resulted in 4,687,500 Performance Rights vesting on 14 July 2016, with a balance of 4,687,500 remaining under the same terms and conditions. As a consequence, 3,125,000 ordinary shares were issued to Mr Lock and 1,562,500 ordinary shares were issued to Mr Clement. 50% of the ordinary shares issued to both Mr Lock and Mr Clement were accepted into the Sea Harvest Proportional Takeover Bid at a purchase price of $0.35 per ordinary share. The value of each performance right at grant date was $0.20 per performance right and the fair value on exercise date was $0.18 per performance right based on Black Scholes valuation methodology.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

The following entities transacted with the Company during the reporting period. In each instance, normal commercial terms and conditions applied. Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available, for a similar transaction to unrelated parties on an arms-length basis.

- Endeavour Corporate, a corporate advisory firm of which Mark Pitts is a Partner was paid $9,095 (2016: $62,590) for company secretarial, registered office, accounting and bookkeeping services.
- Sea Harvest, of which Felix Ratheb is CEO (appointed Director of Mareterram Limited on 3 March 2016), is a major shareholder of Mareterram Limited and seafood supplier to Mareterram's Trading division. Mareterram incurred invoiced transactions to the value of $9.5 million during the period of Mr Ratheb's directorship in the 2017 financial year (2016: $3.8 million).

Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and specified Directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future.

At the Company's 2016 Annual General Meeting, a resolution was put to the meeting to approve the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2016. This resolution was passed by shareholders on a show of hands.

END OF AUDITED REMUNERATION REPORT

Meetings of Directors

During the 2017 financial year, 15 meetings of the Board of Directors were held including sub-committees. Attendances by each Director during the year were:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Peter Hutchinson	12	12	2	2	1	1
David Lock	12	12	-	-	-	-
James Clement	12	12	-	-	-	-
Mark Pitts	10	12	2	2	1	1
Felix Ratheb	12	12	1	2	1	1
Muhammad Brey (2)	12	12	2	2	1	1
Fred Robertson (1)	11	11	1	1	1	1

A Number of meetings attended
B Number of meetings held during the time the director held office during the year
(1) Appointed from 16 August 2016
(2) Appointed from 8 September 2017

Indemnifying Officers and Auditor

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into separate Deed of Access and Indemnity with each of the Directors and company secretary and in addition has procured Directors and officers insurance to insure Directors and executive officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or executive officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The Company paid a premium for this insurance of $78,760 during the year.

The Company has not entered into any agreement to indemnify its auditors against any claims that might be made by third parties arising from their report on the financial statements.

Options

At 30 June 2017, the unissued ordinary shares of Mareterram Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
18/12/2015	18/12/2020	$0.20	5,000,000
			5,000,000

For further details on the options outstanding, refer to Note 18 to the financial statements.

Performance Rights

At 30 June 2017, the unissued ordinary shares of the Company under performance rights are as follows:

Grant Date	Date of Vesting	Vesting Conditions	Number Under Performance Rights
18 December 2015	30 June 2019	Cumulative EPS is $0.0928	1,562,500
18 December 2015	30 June 2020	Cumulative EPS is $0.1221	1,562,500
18 December 2015	30 June 2021	Cumulative EPS is $0.1543	1,562,500
			4,687,500

For further details on the performance rights outstanding, refer to Note 18 to the financial statements.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings, nor was the Company a party to any such proceedings during the year.

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 6 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

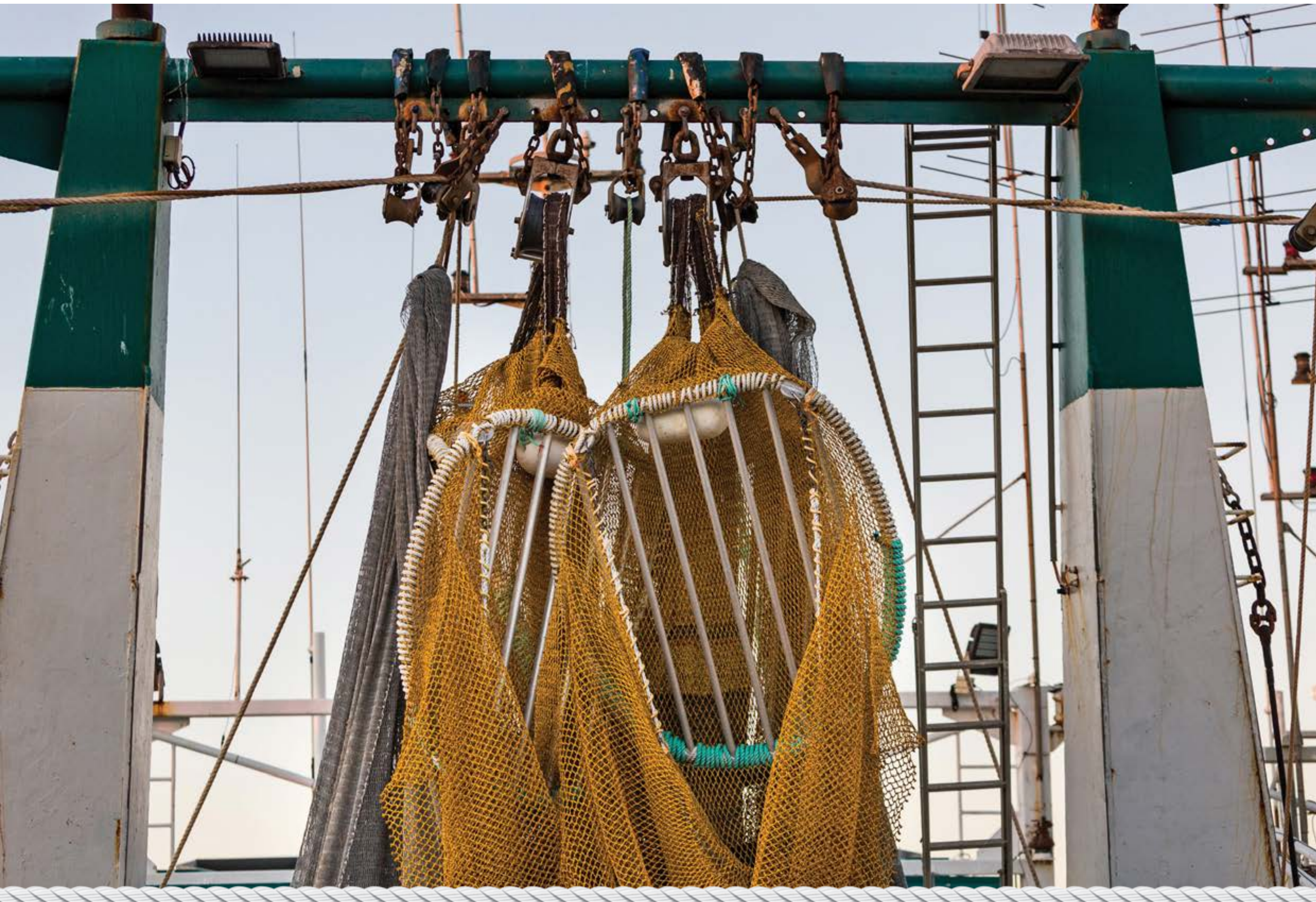
Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 27 of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

David Lock
Managing Director

Dated this 27th day of September 2017



> “ We recognise that safety is a never-ending journey, and we continue to improve every day ”

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

Board of Directors
Mareterram Limited
Unit 4/24 Mews Road
South Fremantle WA 6162

27 September 2017

Dear Directors

Mareterram Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mareterram Limited.

As lead audit partner for the review of the financial statements of Mareterram Limited for the year ended 30 June 2017 I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	Consolidated Group	
		2017	2016 Restated*
		$'000	$'000
Sales revenue		49,008	16,274
Cost of sales		(37,861)	(13,790)
Gross profit		**11,147**	**2,484**
Other income	2	1,667	26
Employee expenses		(4,787)	(3,589)
Office and administration costs		(1,978)	(1,940)
Depreciation and amortisation expense		(723)	(278)
Other costs		(44)	(21)
Finance costs		(714)	(299)
Transaction costs	3	-	(1,765)
Profit/(loss) before income tax		**4,568**	**(5,382)**
Income tax benefit	4	-	271
Profit/(loss) from continuing operations		**4,568**	**(5,111)**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
(Loss)/ gain on foreign currency and commodity hedges		(236)	110
Income tax on other comprehensive income		-	-
Total comprehensive profit/(loss) for the year attributable to members of the company		**4,332**	**(5,001)**
Basic profit/ loss per share (cents per share)	7	3.28	(6.52)
Diluted profit/ loss per share (cents per share)	7	3.07	(6.52)

* Refer to business combination note 23 for details of restatement

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	Consolidated Group	
		2017	2016 Restated*
		$'000	$'000
Current Assets			
Cash and cash equivalents	8	49	12
Trade and other receivables	9	10,110	7,291
Inventories	10	11,545	10,217
Prepayments and other assets		332	495
Current financial derivatives		24	143
Total Current Assets		**22,060**	**18,158**
Non-Current Assets			
Property, plant and equipment	11	10,281	9,377
Fishing licenses	12	25,240	25,240
Goodwill	13	2,292	2,292
Other intangibles		450	-
Non-current financial derivatives		23	21
Total Non-Current Assets		**38,286**	**36,930**
Total Assets		**60,346**	**55,088**
Current Liabilities			
Trade and other payables	14	3,353	3,100
Employee liabilities		710	452
Loans and borrowings	17	6,950	2,286
Current financial derivatives		131	55
Accruals and other payables	16	1,372	3,364
Other current liabilities	15	2,117	2,129
Total Current Liabilities		**14,633**	**11,386**
Non-Current Liabilities			
Loans and borrowings	17	12,000	12,000
Finance liabilities		71	40
Employee liabilities		139	278
Non-current financial derivatives		42	-
Deferred tax liabilities	4	2,943	2,941
Other non-current liabilities	15	6,067	8,179
Total Non-Current Liabilites		21,262	23,438
Total Liabilities		**35,895**	**34,824**
Net Assets		**24,451**	**20,264**
Equity			
Issued capital	18	21,957	21,988
Reserves	19	1,063	1,413
Retained earnings		1,431	(3,137)
TOTAL EQUITY		**24,451**	**20,264**

* Refer to business combination note 23 for details of restatement

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes In Equity

For the Year Ended 30 June 2017

	Issued Capital $'000	Retained Earnings and Accumulated Losses Restated* $'000	Other Reserves $'000	Share Based Payments and Options Reserve $'000	Total $'000
Balance at 1.7.2016	**21,988**	**(3,137)**	**110**	**1,303**	**20,264**
Profit for the period	-	4,568	-	-	4,568
Other comprehensive income for the year, net of income tax	-	-	(236)	-	(236)
Total comprehensive income	**-**	**4,568**	**(236)**	**-**	**4,332**
Cost of share issues	(31)	-	-	-	(31)
Share based payments	-	-	-	(114)	(114)
Balance at 30.6.2017	**21,957**	**1,431**	**(126)**	**1,189**	**24,451**
Balance at 1.7.2015	**41,528**	**(40,571)**	**-**	**1**	**958**
Loss for the period	**-**	**(5,111)**	**-**	**-**	**(5,111)**
Other comprehensive income for the year, net of income tax	-	-	110	-	110
Total comprehensive income	**-**	**(5,111)**	**110**	**-**	**(5,002)**
Shares issued	24,250	-	-	-	24,250
Cost of share issues	(1,796)	-	-	-	(1,796)
Tax effect	551	-	-	-	551
Options and performance rights issued	-	-	-	1,303	1,303
S258F Capital Reduction Offsetting of carried forward losses at 31 Dec 2015	(42,545)	42,545	-	-	-
Options expired	-	1	-	(1)	-
Balance at 30.6.2016	**21,988**	**(3,137)**	**110**	**1,303**	**20,264**

* Refer to business combination note 23 for details of restatement.

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	Consolidated Group	
		2017	2016
		$'000	$'000
Cash Flows from Operating Activities			
Receipts from customers		46,135	12,892
Payments to suppliers and employees		(48,010)	(21,997)
Interest received		-	9
Transaction costs		-	(1,580)
Net cash used in operating activities	**25**	**(1,875)**	**(10,676)**
Cash Flows from Investing Activities			
Purchase of property, plant equipment		(1,631)	(495)
Payment for business acquisitions net of cash received		-	(20,439)
Payments for intangible assets		(450)	-
Net cash used in investing activities		**(2,081)**	**(20,934)**
Cash Flows from Financing Activities			
Shares issued		-	18,250
Cost of share issue		-	(1,796)
Interest paid		(690)	(252)
Repayment of borrowings		(3,296)	-
Funds from borrowings		7,979	14,286
Net cash provided by financing activities		**3,993**	**30,488**
Net increase/ (decrease) in cash held		37	(1,122)
Cash at start of period		12	1,134
Cash at end of period	**8**	**49**	**12**

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

“The Company’s balance sheet is strong, showing net assets of $24.5 million, an increase of $4.2 million from the previous year.”

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 1: Statement of Significant Accounting Policies

The financial report covers the consolidated group of Mareterram Limited and controlled entities. Mareterram Limited is a listed public company, incorporated and domiciled in Australia. Mareterram Limited is a for profit entity.

The financial report of Mareterram Limited and its controlled entities for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 21 September 2017.

A. Basis of Preparation

This general purpose financial report of Mareterram Limited and controlled entities, complies with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The seasonal nature of operations significantly influences the financials of the consolidated Group, whereby the Fisheries division can only operate its fishing fleet during set open fishing periods that are determined and controlled by the Department of Fisheries. The fishing season typically runs from April to November of each year and therefore the timing of the bulk of each fishing seasons sales to customers and cash inflows from customer collections, occurs in the second half of the calendar year.

The following is a summary of the material accounting policies adopted by the consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

B. Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 21 to the financial statements.

All inter-group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

C. Significant accounting judgements and key estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2016.

In the year ended 30 June 2017 management reassessed its estimates in respect of:

i. Carrying value of Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

ii. Carrying value of Fishing Licenses

Fishing licenses were acquired through the prior year acquisition of Nor-West Fisheries (MTF) and were independently fair valued, by an expert, using the excess earnings methodology. The separately identifiable intangible assets of MTF were valued at $25.24 million dollars and have been assessed for impairment on an annual basis. Fishing licenses are an indefinite life intangible asset as the licenses operate in perpetuity on the provision that they are maintained in good standing.

iii. Deferred taxes

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

D. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Mareterram Limited.

E. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of harvested products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs per kilogram of estimated catch for the fishing season.

F. Trade and other receivables

Trade receivables, which generally have 30-45 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

G. Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings 20 years

Vessels 20 years

Other Plant and equipment 3 to 15 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

i. Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

ii. Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

iii. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the consolidated group will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

H. Financial Instruments

i. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposure. On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 - 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

ii. Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Financial assets are classified at 'fair value through equity' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in equity.

iii. Interest bearing loans and receivables

Bank loan borrowings are initially recognised at fair value, net of transaction costs incurred. Bank loan borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

iv. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

v. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

vi. Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

vii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

viii. Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

ix. Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

I. Intangibles

i. Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Fishing Licenses

Fishing licenses were acquired through the acquisition of Nor-West Fisheries (MTF) and were independently fair valued, by an expert, using the excess earnings methodology. The separately identifiable intangible assets of MTF were valued at $25.2 million dollars and will be assessed for impairment on an annual basis. Fishing licenses are an indefinite life intangible asset as the licenses operate in perpetuity on the provision that they are maintained in good standing.

J. Foreign Currency Transactions and Balances

i. Functional and Presentation Currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

K. Employee Benefits

i. Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii. Share based payments

Share based compensation payments are made available to directors and employees pursuant to the relevant terms of the Company's Incentive Options and Performance Rights.

The fair value of these equity settled transactions is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the award.

At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss and other comprehensive income is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of options or rights that will vest, taking into account such factors as the likelihood of market vesting conditions during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

The charge to the statement of profit or loss and other comprehensive income for the period is cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

The fair value at grant date is independently determined using the Black Scholes option pricing model, a Binomial option pricing model or the Monte-Carlo simulation model, as appropriate, that takes into account the exercise price, the term of the option or right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free rate for the term of the option and the probability of market based vesting conditions, if any, being realised.

The fair value of the award granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of awards that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

L. Equity-settled compensation

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

M. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and investments in money market instruments with less than 14 days to maturity.

N. Revenue recognition

Revenue from the sale of goods is recognised when the risks and rewards attached to the goods are passed to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

O. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cashflows are presented on a gross basis with GST component of cashflows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented in operating activities.

P. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Transaction costs on the issue of equity instruments are to be recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

Q. Earnings per share

Basic EPS is calculated as net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net result attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with potential dilutive ordinary shares that have been recognised as expenses; and
- other nondiscretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

R. Comparative Figures

The comparative figures have been adjusted for the finalisation of the purchase price allocation of the acquired Nor-West business, whereby the fair value attributed to deferred tax assets and deferred tax liabilities have both been adjusted upwards from the initial provisionally accounted deferred tax valuations recognised in the comparative period. The net outcome of the adjustment entries has resulted in goodwill being recognised for the difference between the fair value of identifiable net assets acquired and the purchase consideration, per Note 23 of the accounts.

S. Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

T. Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity,
- and acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

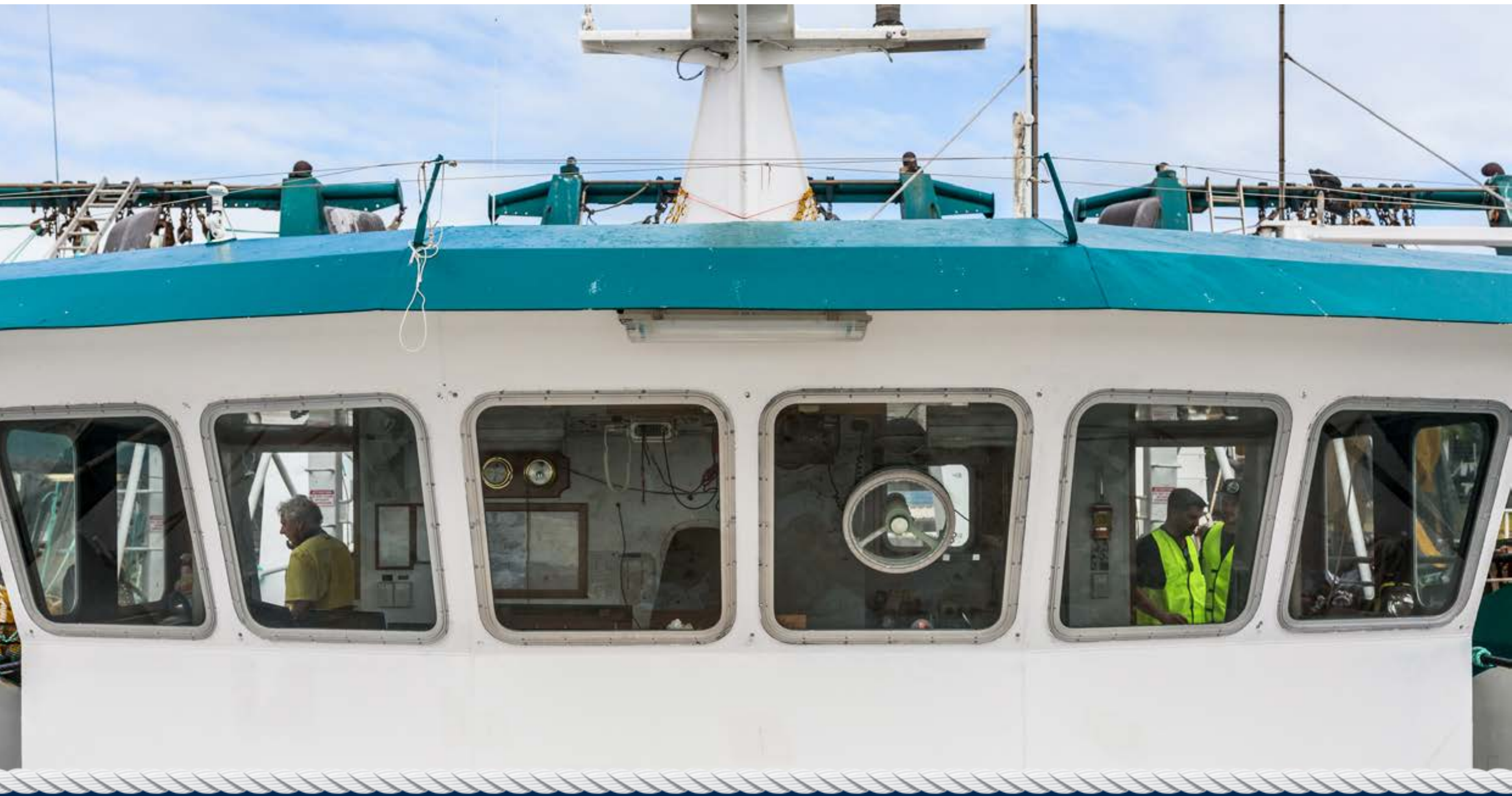
Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

U. Adoption of New and Revised Accounting Standards

In the year ended 30 June 2017, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no changes are necessary to Group accounting policies.



V. New standards and interpretations not yet adopted

Certain new accounting Standards and Interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new Standards and Interpretations is set out below. In all cases the Group intends to apply these standards from the application date as indicated in the table below.

Reference	Title	Standard application date	Group application date	Key Requirements	Impact
AASB 9	Financial Instruments	1 Jan 2018	1 July 2018	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new standard for hedge accounting.	There will be no significant impact on the Group on the adoption of this standard.
AASB 15	Revenue from Contracts with Customers	1 Jan 2018	1 July 2018	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise any applicable transitional adjustments in retained earnings on the date of the initial application without restating the comparative period. Entities will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is currently assessing the impact of the new standard. At this stage, the Group has not estimated the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next 12 months.
AASB 16	Leases	1 Jan 2019	1 July 2019	Key features of AASB 16 are as follows: **Lessee accounting** Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. AASB 16 contains disclosure requirements for leases.	The business is still assessing the impact on the Group's results on the adoption of this standard.
AASB 2016-1	Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112)	1 Jan 2017	1 July 2017	This standard amends AASB 112 Income Taxes to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	There will be no significant impact on the Group's results on the adoption of this standard.
AASB 2016-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107	1 Jan 2017	1 July 2017	This standard amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	There will be no significant impact on the Group's results on the adoption of this standard.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future period and on foreseeable future transactions.

Note 2: Other Income

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
Sundry income	167	26
Deferred purchase consideration	1,500	-
	1,667	**26**

The deferred purchase consideration derecognised in the period was an earnout recognised in the acquisition of the Food Service business (note 23).

Note 3: Transaction Costs

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
Business acquisition costs	-	(1,296)
Proportional takeover – Target costs	-	(469)
	-	**(1,765)**

Transaction costs recognised in prior period were incurred in the acquisition of the Nor-West and Foods Services businesses and the Sea Harvest proportional acquisition costs incurred by Mareterram.

Note 4: Income Tax Expense

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
A. The components of current income tax expense comprise:		
Current Tax Expense		
Current income tax charge	-	-
Adjustments in respect of income tax of previous years	(11)	2,670
Deferred income tax relating to origination and reversal of temporary differences	11	(2,941)
Total income tax expense/(benefit)	**-**	**(271)**
Deferred income tax expense/(benefit) included in the income tax expense comprises:		
Increase/ (Decrease) in deferred tax assets	137	5,324
(Increase)/ Decrease in deferred tax liabilities	(126)	(8,265)
	11	**(2,941)**

B. Numerical reconciliation of income tax expense to prima facie tax payable:

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
Accounting profit/(loss) before tax from continuing operations	4,568	(5,382)
At Australia's statutory income tax rate of 30% (2016: 30%)	1,370	(1,615)
Non-assessable income	(450)	-
Non-deductible expenses for tax purposes:		
Share based payments	-	390
Transaction costs	-	404
Other non-deductible	6	207
Recognition of deferred tax assets not previously recognised	-	342
Adjustments in respect of income tax of previous years	(11)	-
Deferred tax recognised through equity	(9)	-
Tax losses recognised	(906)	-
Income tax expense /(benefit)	**-**	**(271)**

C. Tax expense (income) relating to items of other comprehensive income	Consolidated Group	
	2017	2016
	$'000	$'000
Cash flow hedges	-	-

D. Tax Assets and Tax Liabilities

	2017 $'000	2016 $'000
i. Current tax assets / (liabilities)		
Current tax assets / (liabilities)	-	-
ii. Recognised deferred tax assets		
Deferred tax assets	5,196	5,324
Deferred tax assets to be recovered within 12 months	3,376	2,860
Deferred tax assets after 12 months	1,820	2,464
iii. Recognised deferred tax liabilities		
Deferred tax liabilities	8,139	8,265
iv. Right of set-off		
Recognised deferred tax liabilities	5,196	5,324
Recognised deferred tax liabilities	(8,139)	(8,265)
Net deferred tax liabilities	**(2,943)**	**(2,941)**

E. Deferred Tax Balances

Deferred tax assets/(liabilities) arise from the following:

	Consolidated Group			
	Opening balance	Recognised in profit & Loss	Recognised in equity	Closing balance
As at 30 June 2017	$'000	$'000	$'000	$'000
Deferred tax assets				
Property, plant and equipment	3	28	-	31
Inventory	834	-	-	834
Receivables	52	(52)	-	-
Other	4,435	(131)	9	4,331
	5,324	**(137)**	**9**	**5,196**
Deferred tax liabilities				
Intangibles - Fishing licences	(7,572)	-	-	(7,572)
Inventory	(719)	617	-	(102)
Receivables	(7)	(8)	-	(15)
Other	33	(483)	-	(450)
	(8,265)	**126**	**-**	**(8,139)**
Net deferred tax assets (liabilities)	**(2,941)**	**(11)**	**9**	**(2,943)**

	Consolidated Group			
	Opening balance	Recognised in profit & Loss	Recognised in equity	Closing balance
As at 30 June 2016	$'000	$'000	$'000	$'000
Deferred tax assets				
Property, plant and equipment	-	3	-	3
Inventory	-	834	-	834
Receivables	-	52	-	52
Other	-	4,000	435	4,435
	-	**4,889**	**435**	**5,324**
Deferred tax liabilities				
Intangibles - Fishing licences	-	(7,572)	-	(7,572)
Inventory	-	(719)	-	(719)
Receivables	-	(7)	-	(7)
Other	-	33	-	33
		(8,265)	-	(8,265)
Net deferred tax assets (liabilities)	**-**	**(3,376)**	**435**	**(2,941)**

Note 5: Key Management Personnel (KMP)

Names and positions held of Directors and Key Management Personnel in office at any time during the past financial year are:

Directors

Peter Hutchinson	Chairman
David Lock	Managing Director
James Clement	Executive Director
Mark Pitts	Non-executive Director
Felix Ratheb	Non-executive Director
Fred Robertson	Non-executive Director
Muhammad Brey	Non-executive Director*

Executives

Richard Duncan	Chief Financial Officer and Company Secretary

* Mr Brey was an alternate director to Messrs Ratheb and Robertson during the year, subsequent to the year end he was appointed as a Non-Executive Director.

The totals of remuneration paid or payable to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2017	2016
	$	$
Short-term employee benefits	1,555,510	1,044,692
Post-employment benefits	109,693	39,597
Share-based payments	(221,934)	1,303,150
	1,443,269	**2,387,439**

Note 6: Auditor's Remuneration

	Consolidated Group	
	2017	2016
	$'000	$'000
Auditors of the Company – Deloitte Touche Tohmatsu		
Audit and review of financial statements	99,000	84,849
Other non-audit services	3,000	2,500
	102,000	**87,349**

Prior year auditors were BDO Audit (WA) Pty Ltd

Note 7: Earnings Per Share

		Consolidated Group	
		2017	2016
		$'000	$'000
	Reconciliation of earnings to net profit/(loss)	4,568	(5,111)
A.	**Profit/(loss) used in the calculation of basic and diluted EPS**	4,568	(5,111)
		Number	Number
B.	**Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS**	139,355,403	78,375,289
C.	**Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS***	149,042,903	78,375,289

* The Company had 5,000,000 options outstanding over ordinary shares and 4,687,500 performance rights that were issued in the prior financial year, that could potentially dilute basic earnings per share in the future. These were included in the calculation of diluted earnings per share for the reporting period presented.

Note 8: Cash and Cash Equivalents

	Consolidated Group	
	2017	2016
	$'000	$'000
Cash at bank	49	12
	49	**12**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9: Trade and Other Receivables

	Consolidated Group	
	2017	2016
	$'000	$'000
Current		
Trade debtors	9,628	6,575
GST receivables	148	162
Fuel tax credit	150	373
Other receivables	184	181
	10,110	**7,291**

Current trade and other receivables are non-interest bearing and generally on 30-day terms.

A. Credit Risk — Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties' other than those receivables specifically provided for. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

There are no trade or other receivables that are past due but not impaired at the date of this report.

Note 10: Inventory

	Consolidated Group	
	2017	2016
	$'000	$'000
Finished goods	7,756	7,245
Materials and stores	2,076	1,291
Deferred costs of production	1,713	1,681
	11,545	**10,217**

Inventory is stated at the lower of cost or net realisable value. Inventory at balance date includes harvest expenses shown as deferred costs of production. These costs are capitalised and carried forward to be allocated to finished goods and subsequently the cost of goods sold for the calendar 2017 fishing season production.

Note 11: Plant and Equipment

	Consolidated Group	
	2017	2016
	$'000	$'000
Plant and Equipment		
Plant and equipment - at cost	11,278	9,657
Accumulated depreciation	(997)	(280)
	10,281	**9,377**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Vessels	Buildings	Plant and Equipment	Motor Vehicles	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Group						
Carrying amount at 30 June 2015	**-**	**-**	**6**	**-**	**-**	**6**
Additions through business combinations	6,600	2,000	154	64	85	8,903
Additions	586	10	124	32	-	752
Disposals	-	-	-	-	-	-
Depreciation expense	(182)	(54)	(28)	(14)	-	(278)
Carrying amount at 30 June 2016	**7,004**	**1,956**	**250**	**82**	**85**	**9,377**
Additions	337	140	1,171	-	-	1,648
Disposals	-	-	(22)	-	-	(22)
Depreciation expense	(442)	(112)	(140)	(28)	-	(722)
Carrying amount at 30 June 2017	**6,899**	**1,984**	**1,259**	**54**	**85**	**10,281**

Note 12: Fishing Licences

	Consolidated Group	
	2017	2016
	$'000	$'000
Finished goods	**25,240**	25,240

The Fishing Licences shown are indefinite life intangible assets that were acquired as part of the Nor-West Seafood business assets in 2016. The licences represent 10 of 18 licences issued by the Western Australian Department of Fisheries for the Shark Bay Prawn Managed Fishery (SBPMF) and are held in perpetuity by the Consolidated Group subject to compliance with regulatory and financial obligations. There have been no breaches of financial or regulatory obligations. These assets are allocated to the Fisheries division for impairment testing purposes.

Fishing licences are included within the Fisheries division cash generating unit. Refer to note 13 for impairment considerations.

Note 13: Goodwill

	Fishing Division	Food Services Division	Total
	$'000	$'000	$'000
Consolidated Group			
Carrying amount at 30 June 2015	-	-	-
Additions through business combinations	782	1,510	2,292
Carrying amount at 30 June 2016	**782**	**1,510**	**2,292**
Additions through business combinations	-	-	-
Carrying amount at 30 June 2017	**782**	**1,510**	**2,292**

The goodwill is attributable to the previously acquired Nor-West Seafoods business and Food Service Division of Craig Mostyn.

A. Impairment tests for goodwill

Goodwill is allocated to the consolidated entity's cash generating units (CGUs) identified according to business and geographical segments. Impairment testing has also included fishing licence assets as per note 12 within the fisheries division CGU.

B. Significant estimate: key assumptions used for value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board covering a five-year period. The below key estimates are used in the value in use calculation:

Pre-tax discount rate	10.2%
Revenue growth per annum	3%

C. Sensitivity to change in assumptions

An increase in the weighted average cost of capital rate used of 1.0%, with all other variables remaining the same, would not result in any impairment.

A decrease in the revenue growth rate used of 1.0%, with all other variables remaining the same, would not result in any impairment.

D. Impairment charge

No impairment charges have been deemed necessary for the current period.

Note 14: Trade and Other Payables

	Consolidated Group	
	2017	2016
	$'000	$'000
Current		
Trade creditors and other payables	**3,353**	3,100

Note 15: Other Liabilities

	2017	2016
Current		
Fishing licence liability	**2,117**	2,129
Non-Current		
Fishing licence liability	**6,067**	8,179

The fishing licence liabilities relate to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme (VFAS), which was established on 12 November 2010 pursuant to the Fisheries Adjustment Schemes Act 1987 (WA). The VFAS operates from 12 November 2010 until 1 July 2021, and for the period 2015 to 2021 an annual fee of $0.2 million is payable by the holder of a licence that authorises fishing in the Shark Bay region. Mareterram owns ten fishing licences in the Shark Bay region. The liabilities shown represent present values discounted at the 5-year Corporate Bond rate.

Note 16: Accruals and Other Payables

	Consolidated Group	
	2017	2016
	$'000	$'000
Accrued liabilities	1,154	1,501
Accrued interest	42	45
Deferred purchase consideration (refer note 23)	-	1,500
Premium funding for insurances	156	223
Other	20	95
	1,372	3,364

Note 17: Loans and Borrowings

	Consolidated Group	
	2017	2016
	$'000	$'000
Receivable financing facility	4,922	2,286
Trade finance facility	1,898	-
Bank overdraft	130	-
	6,950	**2,286**
Non-Current		
Secured bank loan	**12,000**	12,000

Loan Facilities

Interest bearing loan facilities of $20 million (2016: $17.0 million) are available for acquisition finance and working capital funding. The primary loan facility of $12.0 million was fully drawn at the end of the reporting period; the receivable financing facility had been drawn to $4.9 million of the $5.0 million of available funding; the trade finance facility had been drawn to $1.9 million of the $2.0 million available funding and the bank overdraft had been drawn to $0.1 million of the available $1.0 million available. Interest is charged at prevailing market rates.

All loan facilities are secured by a first charge over all the Group's assets, including acquired plant and equipment, property and fishing licenses.

Note 18: Issued Equity

	Consolidated Group	
	2017	2016
	$'000	$'000
139,535,198 (2016: 134,847,698) fully paid ordinary shares	**21,957**	21,988

			Consolidated Group	
	2017	2016	2017	2016
	No.	No.	$'000	$'000
A. Ordinary Shares				
At the beginning of the reporting period	134,847,698	543,915,659	21,988	41,528
Share consolidation 40:1	-	(530,317,961)	-	-
Issue of shares at $0.20 on 18 December 2015 under Prospectus	-	90,000,000	-	18,000
Issue of shares at $0.20 on 18 December 2015 upon the exercise of $0.005 options	-	1,250 ,000	-	250
Issue of shares at $0.20 on 18 December 2015 as part purchase consideration to acquire Nor-West from Orange Sun Development Corporation Pty Ltd	-	10,000,000	-	2,000
Issue of shares at $0.20 on 18 December 2015 as part purchase consideration to acquire food services division of Craig Mostyn & Co Pty Ltd	-	20,000,000	-	4,000
S258F capital reduction offsetting of carried forward losses	-	-	-	(42,545)
Vested performance rights	4,687,500	-	-	-
Costs of share issues	-	-	(31)	(1,796)
Tax effect	-	-	-	551
At reporting date	**139,535,198**	134,847,698	**21,957**	21,988

B. Options over unissued ordinary shares

	Note	2017	2016	2017	2016
		No.	No.	$'000	$'000
At the beginning of reporting period		5,000,000	150,000,000	358	1
Options cancelled and approved by shareholders at Annual General Meeting 23 October 2015		-	(100,000,000)	-	(1)
Options consolidated 40:1		-	(48,750,000)	-	-
Options exercised		-	(1,250,000)	-	-
Options issued	18.D	-	5,000,000	-	358
Options lapsed		-	-	-	-
At reporting date		**5,000,000**	**5,000,000**	**358**	**358**

C. Performance rights over unissued ordinary shares

	Consolidated Group		Consolidated Group	
	2017	2016	2017	2016
	No.	No.	$'000	$'000
At the beginning of reporting period	9,375,000	-	945	-
Performance rights issued	(4,687,500)	9,375,000	(473)	945
At reporting date	**4,687,500**	**9,375,000**	**472**	**945**

Of the 4,687,500 performance rights on issue, 1,562,499 vest on 30 June 2019 if the cumulative EPS is $0.0928, 1,562,499 vest on 30 June 2020 if the cumulative EPS is $0.1221 and 1,562,502 vest on 30 June 2021 if the cumulative EPS is $0.1543. All of the performance rights were issued to executive Directors of the Company. The performance rights also have a service condition meaning the Director must remain employed for the entire period.

Pursuant to a Proportional Takeover and the terms of the Performance Rights, the Board approved the vesting of 50% of the Performance Rights held by both Mr Lock and Mr Clement. This resulted in 4,687,500 Performance Rights vesting on 14 July 2016.

D. Options Over Ordinary Shares on Issue

There were 5,000,000 (2016: 5,000,000) options over shares remaining on issue during the year.

E. Capital Risk Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern. The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the group's capital by assessing the group's financial risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

As at 30 June 2017, the Group's debt to issued capital ratio was 86% (2016: 65%).

Note 19: Reserves

	Note	Consolidated Group	
		2017	2016
		$'000	$'000
Cash flow hedge reserve	29	(126)	110
Share based payments reserve	29	1,189	1,303
		1,063	**1,413**

A. Cash flow hedge reserve

	2017	2016
At the beginning of reporting period	110	-
Currency forward contracts	60	(54)
Commodity forward contracts	(296)	164
At reporting date	**(126)**	**110**

B. Share Based Payments Reserve

	2017	2016
At the beginning of reporting period	1,303	1
Share based payments (benefit)/expense	(114)	1,302
At reporting date	**1,189**	**1,303**

The Share Based Payments Reserve records items recognised as expenses on the issue of share options and performance rights issued to KMP and employees of the company.

Note 20: Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance.

Mareterram Limited has two reportable operating segments, the Mareterram Fisheries division and the Mareterram Trading Food Services division. These segments all operate within the Australian market.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Board for the period ended 30 June 2017.

	Fisheries Division	Food Services Division	Intercompany Eliminations	Unallocated items	Consolidated
	$'000	$'000	$'000	$'000	$'000
30 June 2017					
Segment revenue	**12,562**	**41,153**	**(4,707)**	**-**	**49,008**
Segment gross profit	**3,432**	**7,716**	**-**	**-**	**11,148**
Other income	(557)	2,112	-	112	1,667
Employee expenses	(529)	(1,899)	-	(2,359)	(4,787)
Office and administration costs	(237)	(709)	-	(1,032)	(1,978)
Other costs	-	-	-	(44)	(44)
Finance costs	(3)	(166)	-	(545)	(714)
Depreciation and amortisation expense	(642)	(4)	-	(77)	(723)
Segment profit before tax	**1,464**	**7,049**	**-**	**(3,945)**	**4,568**
Segment assets	**40,269**	**18,878**	**-**	**1,199**	**60,346**
Segment liabilities	**(11,984)**	**(10,733)**	**-**	**(13,178)**	**(35,895)**
30 June 2016					
Segment revenue	**5,829**	**16,267**	**(5,829)**	**7**	**16,274**
Segment gross profit	**2,237**	**1,485**	**(1,238)**	**-**	**2,484**
Other income	19	-	-	7	26
Employee expenses	(366)	(863)	-	(2,360)	(3,589)
Office and administration costs	(544)	(243)	-	(1,153)	(1,940)
Other costs	(1,765)	-	-	(21)	(1,786)
Finance costs	-	(80)	-	(219)	(299)
Depreciation and amortisation expense	(272)	(1)	-	(5)	(278)
Segment profit before tax	**(691)**	**298**	**(1,238)**	**(3,751)**	**(5,382)**
Segment assets	**46,614**	**15,652**	**(7,067)**	**535**	**55,734**
Segment liabilities	**(16,541)**	**(12,526)**	**5,829**	**(12,232)**	**(35,470)**

* Management has based the transfer price in respect of goods transferred from the Fisheries Division to the Food Services Division with reference to market prices in the determination of recoverable amount for the respective cash generating units.

Note 21: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2017	Percentage Owned 2016
Parent Entity			
Mareterram Limited	Australia		
Subsidiaries of Mareterram Limited:			
Mareterram Fisheries Pty Ltd	Australia	100%	100%
Mareterram Trading Pty Ltd	Australia	100%	100%
Nor-West Pty Ltd	Australia	100%	100%

Note 22: COMMITMENTS AND CONTINGENT LIABILITIES

The Group has the following operating lease commitments as at 30 June 2017:

	Consolidated Group	
	2017	**2016**
	$'000	$'000
Within one year	373	472
One year or later and no later than five years	553	749
Greater than five years	237	322
	1,163	**1,543**

Foreign Exchange Contracts

The Group is exposed to foreign exchange risk arising from the currency exposures centred on the purchase and sale of inventory and, accordingly, entered into forward exchange contracts to buy EUR 558,479 (2016: 726,329) and sell JPY 19,272,600 (2016: 35,204,758) as at 30 June 2017.

The Group does not have any Contingent Liabilities as at 30 June 2017.

Note 23: BUSINESS COMBINATION

Acquisition of Nor-West Seafoods

On 18 December 2015, Mareterram Limited acquired the commercial fishing business of Nor-West Seafoods.

The total cost of the acquisition was $19,624,000 and comprised an issue of equity instruments and cash. The company issued 10 million ordinary shares with a fair value of $0.20 per share to the vendor.

Consideration Transferred

Details of purchase consideration, net assets acquired and goodwill are as follows:

	As previously reported	Adjustments	Final
	$'000	$'000	$'000
Shares issued at fair value	2,000	-	2,000
Cash	17,624	-	17,624
Net purchase consideration	**19,624**	**-**	**19,624**
Fair value of identifiable net assets acquired	**22,744**	**(3,902)**	**18,842**
Goodwill/ (Gain on bargain purchase) arising on acquisition	**(3,120)**	**(3,902)**	**782**

Assets acquired and liabilities assumed at the date of acquisition

The Nor-West Seafoods acquisition was previously disclosed as provisional, but through the finalisation process the final fair value of the identifiable assets and liabilities of Nor-West Seafoods as at the date of acquisition are as follows:

	As previously reported	Adjustments	Final
	$'000	$'000	$'000
Current Assets			
Inventories	1,163	-	1,163
Non-Current Assets			
Property, plant, and equipment	8,903	-	8,903
Intangible assets - licenses	25,240	-	25,240
Deferred tax assets	80	3,670	3,750
Total Assets	**35,386**	**3,670**	**39,056**
Current Liabilities			
Trade and other payables	(407)	-	(407)
Non-Current Liabilities			
Fishing Licence Liability	(12,235)	-	(12,235)
Deferred tax liabilities	-	(7,572)	(7,572)
Total Liabilities	**(12,642)**	**(7,572)**	**(20,214)**
Total identifiable net assets at fair value	**22,744**	**(3,902)**	**18,842**
Purchase consideration transferred	**19,624**	**-**	**19,624**

The initial accounting for the acquisition of Nor-West Seafoods Pty Ltd had only been provisionally determined at the end of the previous reporting period and subsequently in conjunction with the finalisation of the fair value of assets acquired an adjustment to deferred tax balances has been made.

In finalising the Fair Value Accounting for the acquisition of Nor-west Seafoods which was previously disclosed as provisionally accounted for, the Company has determined that a Deferred Tax Liability (DTL) of $7.6 million and an additional Deferred Tax Asset (DTA) of $3.6 million are required to be brought to account.

The DTL arises as a result of the application of AASB 112 Income Taxes (AASB 112) following recent information made available by relevant standard setting authorities. The information made available clarified the definition of a non-depreciable asset under AASB 112 and its applicability to indefinite life intangible assets, which for the Company is represented by the Fishing Licenses. The DTL arising out of the application of AASB 112 will not result in a direct cash outflow in future periods.

The effect of recognising these changes in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016, was to increase the loss recognised by $3.060 million (from a loss of $2.051 million to a loss of $5.111 million). As a result, retained losses recognised at 30 June 2016 increased from $0.076 million to $3.137 million.

The amended values are recognised as prior period measurement adjustments for comparative purposes in the financial reports.

Net cash outflow arising on acquisition

The cash outflow on acquisition is as follows:

	Cash Outflow
	$'000
Cash paid	17,624
Less: net cash acquired with the subsidiary	-
Net cash outflow on acquisition	**17,624**

Acquisition of the Food Services Division of the Craig Mostyn Group

The acquisition of the Food Services Division of the Craig Mostyn Group was also completed on 18 December 2015 and the fair value of the identifiable assets and liabilities were finalised at the end of the 30 June 2016 reporting period.

Earn-out

Under the terms of the acquisition agreement with Craig Mostyn Group, Mareterram was required to pay the Craig Mostyn Group an additional cash payment based upon the achievement of a specified level of EBITDA from the acquired Food Services Division, as defined in the purchase agreement. The maximum potential undiscounted payment amount that could be required was $1.5 million.

On the finalisation of the 31 December 2016 interim financial report, the level of EBITDA for the Food Services Division did not trigger the relevant threshold and the contingent consideration of $1.5 million has subsequently been written back to the income statement. This adjustment entry has been recorded in the year ending 30 June 2017 and is not a prior measurement period adjustment.

Note 24: Share-Based Payments

The expense recognised for employee services received during the year is shown in the following table:

	Consolidated Group	
	2017	2016
	$'000	$'000
(Benefit)/Expense arising from equity settled share-based payment transactions	(222)	1,303
Total (benefit)/ expense arising from share-based payment transactions	**(222)**	**1,303**

Options Movement During the Year

The following options, issued previously as share based payments, existed at 30 June 2017:

	2017	2017	2016	2016
	Number	WAEP	Number	WAEP
Outstanding at 1 July	5,000,000	$0.20	-	-
Granted during the year	-	-	5,000,000	$0.20
Exercised during the year	-	$0.20	-	-
Outstanding at 30 June	**5,000,000**	**$0.20**	**5,000,000**	**$0.20**
Exercisable at 30 June	5,000,000	$0.20	5,000,000	$0.20

The weighted average remaining contractual life for the share options outstanding as at 30 June 2017 is 3 years (2016: 4.47).

The range of exercise prices for options outstanding at the end of the year was $0.20 (2016: $0.20). A parcel of 2,500,000 options were acquired by Sea Harvest during the year as a result of the Sea Harvest proportional takeover that was completed in July 2016.

The following tables list the inputs to the models used for options issued for the year ended 30 June 2016 (nil options issued for the year ended 30 June 2017):

	2016
Weighted average fair values at the measurement date	$0.0716
Dividend yield (%)	0.00
Expected volatility (%)	35.00
Risk-free interest rate (%)	2.91
Expected life of share options (years)	5.00
Weighted average share price ($)	$0.20
Model used	Black-Scholes

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

As at 30 June 2017 the Group did not have a formal Share or Option Scheme.

Performance rights movement during the year

The following performance rights, issued previously as share based payments, existed at 30 June 2017:

	2017	2016
	Number	Number
Outstanding at 1 July	9,375,000	-
Granted during the year	-	9,375,000
Exercised during the year	(4,687,500)	-
Outstanding at 30 June	4,687,500	9,375,000

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2017 is 3.00 years (2016: 4.54 years).

The weighted average fair value of performance rights granted during the year was $0.20 (2016: $0.20).

The range of EPS to meet the vesting criteria for performance rights outstanding at the end of the year was $0.0928 to $0.1543 (2016: $0.0928 to $0.1543).

As at 30 June 2017, the performance rights were vesting in three equal tranches on 30 June 2019 if cumulative EPS is $0.0928, on 30 June 2020 if cumulative EPS is $0.1221 on 30 June 2021 if cumulative EPS is $0.1543. Subsequent to year end, a total of 4,687,500 performance rights vested early pursuant to the Proportional Takeover by Sea Harvest.

The following tables list the inputs to the models used for performance rights issued for the year ended 30 June 2016 (nil performance rights issued for year ended 30 June 2017):

	2016
Weighted average fair values at the measurement date	$0.20
Dividend yield (%)	0.00
Expected volatility (%)	35.00
Risk-free interest rate (%)	2.07
Weighted average expected life of performance rights (years)	4.53
Weighted average share price ($)	$0.20
Model used	Black-Scholes

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the performance rights is indicative of future trends, which may not necessarily be the actual outcome.

Note 25: Cash Flow Information

	Consolidated Group	
	2017	2016
	$'000	$'000
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/ (loss) from continuing activities after income tax	**4,568**	(5,111)
Cash flows excluded from profit/(loss) from continuing activities attributable to operating activities		
Finance costs	714	299
Non-cash flows in result from continuing activities		
Share based payments (benefit)/ expense	(222)	1,303
Reversal of deferred purchase consideration	(1,500)	-
Depreciation and amortisation	723	278
Tax expense/ (benefit)	-	(271)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/ decrease in trade debtors	(2,819)	(3,863)
(Increase)/ decrease in inventories	(1,328)	(6,390)
(Increase)/ decrease in net deferred tax assets	2	3,103
Increase/ (decrease) in trade creditors	253	(8)
Increase/ (decrease) in provisions	(2,497)	667
Increase/ (decrease) in other assets and liabilities	231	(683)
Cash flow from operations	**(1,875)**	(10,676)

Note 26: Events Subsequent to Reporting Date

Further addition to the Board

Mr Muhammad Brey, Chief Investment Officer of Sea Harvest was nominated and appointed as a Non-Executive Director (formerly alternate Director) of the Mareterram Board on 8 September 2017.

Other than that outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 27: Related Party Transactions

Some Directors and Executives hold positions within other entities which cause them to have control or exert significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company during the reporting period. In each instance, normal commercial terms and conditions applied. Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available, for a similar transaction to unrelated parties on an arms-length basis.

- Endeavour Corporate, a corporate advisory firm of which Mark Pitts is a partner was paid $9,095 (2016: $62,950) for registered office, accounting and bookkeeping services.
- Sea Harvest, of which Felix Ratheb is CEO, is a major shareholder of Mareterram Limited and seafood supplier to Mareterram's Trading division. Mareterram incurred invoiced transactions to the value of $9.5 million during the period of Mr Ratheb's directorship in the 2017 financial year (2016: $3.8 million). Additionally fees of $40,000 (2016: $13,333) have been recognised in lieu of directorship fees for Felix Ratheb and Muhammad Brey.

Note 28: Parent Entity Information

	Consolidated Group	
	2017	2016
	$'000	$'000
Current assets	2,560	481
Total assets	25,450	33,576
Current liabilities	(702)	(971)
Total liabilities	(12,722)	(13,698)
Issued capital	21,845	21,988
Reserves	1,189	1,303
Accumulated losses	(10,306)	(3,413)
Total shareholders' equity	**12,728**	**19,878**
Loss of the parent entity	(3,944)	(5,387)
Total comprehensive loss of the parent entity	**(3,944)**	**(5,387)**

Note 29: Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable, loans and borrowings, accounts payable and financial derivatives.

A. Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, commodity price, foreign currency risk, liquidity risk, and credit risk.

Risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Board oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

B. Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

C. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Potential customers are rated for credit worthiness through credit agency reports (where available) and customers that do not meet the group's credit policies may only purchase in cash or by using confirmed Letter of Credit facilities. The group does not normally require collateral in respect of trade and other receivables. The group's maximum exposure to credit risk for trade and other receivables at the reporting date was shown in Note 9.

D. Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into Australian dollars of its foreign operations by using foreign currency forwards.

E. Commodity Price Risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of supplies, namely the Sing Gas Oil component of diesel fuel. Due to the volatility, the Group enters in to derivatives such as swaps and options for the forecasted diesel fuel purchase requirements for the 2017 fishing season for the Nor-West business. The hedging objective is to reduce the volatility of pricing of Sing Gas Oil due to variability in commodity pricing fluctuations over the hedging period by entering into a mix of cash settled commodity swaps and options for Sing Gas Oil.

F. Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The Directors monitor the Company's cash position relative to the expected cash requirements. Where appropriate, surplus funds are placed on deposit earning higher interest. The Group also has short or long-term debt, and therefore the risk is minimal.

i. Financial instrument composition and maturity analysis

The tables below reflect the group's undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for other financial instruments.

	Within Year	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000
2017				
Financial Assets				
Cash and cash equivalents	49	-	-	49
Trade and other receivables	10,110	-	-	10,110
Financial derivatives	24	23	-	47
Total Financial Assets	**10,183**	**23**	**-**	**10,206**
Financial Liabilities				
Trade and other payables	3,353	-	-	3,353
Employee liabilities	710	139	-	849
Loans and borrowings	7,160	13,548	-	20,708
Financial derivatives	131	42	-	173
Accruals and other payables	1,372	-	-	1,372
Other liabilities	2,155	6,465	-	8,620
Financial liabilities	184	83	-	267
Total Financial Liabilities	**15,065**	**20,277**	**-**	**35,342**
2016				
Financial Assets				
Cash and cash equivalents	12	-	-	12
Trade and other receivables	7,291	-	-	7,291
Financial derivatives	143	21	-	164
Total Financial Assets	**7,446**	**21**	**-**	**7,467**
Financial Liabilities				
Trade and other payables	3,100	-	-	3,100
Employee liabilities	452	278	-	730
Loans and borrowings	2,359	13,968	-	16,327
Financial derivatives	55	-	-	55
Accruals and other payables	3,364	-	-	3,364
Other liabilities	2,155	8,620	-	10,775
Financial liabilities	5	43	-	48
Total Financial Liabilities	**11,490**	**22,909**	**-**	**34,399**

The Company has the following interest rate exposure on its financial liabilities.

	WEIGHTED AVERAGE INTEREST RATE	
Financial Liabilities	%	$,000
Trade and other payables	-	3,353
Employee liabilities	-	849
Loans and borrowings	4.71	18,950
Financial derivatives	-	173
Accruals and other payables	-	1,372
Other liabilities	-	8,184
Financial liabilities	3.39	245
Total Financial Liabilities	**2.72**	**33,126**

A number of the group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

Financial instruments carried at fair value are determined by valuation level, as determined in accordance with the relevant accounting standard. The different levels have been defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There have been no transfers between levels during the current or prior year.

All financial assets and liabilities carried at fair value have been deemed to be level 2 within the fair value hierarchy. With respect to specific financial assets and liabilities, the following valuation methods have been used:

Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, as at the market interest rates of similar securities, to their present value.

Other loans and amounts due are determined by discounting the cash flows, at market rates of similar borrowings, to their present value.

Other assets and other liabilities approximate their carrying value. The carrying amount of all financial assets and financial liabilities approximate their fair value at reporting date.

G. Sensitivity Analysis

i. Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2017	2016
	$'000	$'000
Change in Profit:		
Increase in interest rate of 0.5%	(84)	(36)
Decrease in interest rate of 0.5%	84	36
Change in equity:		
Increase in interest rate of 0.5%	(84)	(36)
Decrease in interest rate of 0.5%	84	36

iii. Foreign Currency Risk

The group has performed sensitivity analysis relating to its exposure to foreign currency risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. Foreign currency sensitivity analysis.

At 30 June 2017, the effect on profit and equity as a result of changes in the EUR and JPY to the AUD exchange rate, with all other variables remaining constant would be as follows:

Change in Profit:		
Increase in exchange rate of 5%	-	-
Decrease in exchange rate of 5%	-	-
Change in equity:		
Increase in exchange rate of 5%	0.3	3
Decrease in exchange rate of 5%	(0.3)	(3)

H. Hedging Activities and Derivatives

i. Cash Flow Hedges

Foreign Currency risk
Foreign exchange forward contracts measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of future commitments of sales and purchases in EUR and JPY. These future commitments are highly probable, and they comprise 100% of the Group's total expected sales and 100% of the total expected purchases.

The foreign exchange forward contract balances vary with the level of foreign currency sales and purchases and changes in foreign exchange forward rates.

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Foreign currency forward contracts designated as hedging instruments				
Fair value	6	-	-	(54)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognised in the statement of profit or loss.

The cash flow hedges of the expected future purchases and sales in 2017 resulted in a net unrealised gain of $6,234 (2016: loss of $54,711).

The fair value of the cash flow hedges is calculated based on the underlying value of the currency hedged as at balance date.

Commodity Price Risk
The Company purchases diesel fuel on an ongoing basis as its operating activities in commercial fishing require a supply of diesel fuel. The increased volatility in oil prices over the past 12 months has led to the decision to enter into commodity forward contracts.

These contracts are expected to reduce the volatility attributable to price fluctuations of the Sing Gas Oil component of diesel fuel. Hedging the price volatility of forecast Sing Gas Oil purchases is in accordance with the risk management strategy outlined by the Board of Directors. The hedging relationships are for a period of between 1 month and 17 months, based on expected purchase requirements.

As at 30 June 2017, the fair value of outstanding commodity forward contracts amounted to a liability of $132,213 (2016: asset of $164,331).

Note 30: Registered Office and Principal Place of Business

The registered office of the company is:
C/- Suite 8, 7 The Esplanade, Mt Pleasant
Western Australia 6153

The principal place of business of the company is:
Unit 4, 24 Mews Road, South Fremantle
Western Australia 6162

Directors' Declaration

In accordance with a resolution of the directors of the Company, I state that:

In the opinion of the Directors:

a. the consolidated financial statements and notes, as set out on pages 28 to 58 and the Remuneration Report on pages 15 to 23 of the Directors' Report are in accordance with the Corporations Act 2001 and:

    i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    ii) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company and consolidated group;

b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

The attached consolidated financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements

Signed in accordance with a resolution of the Board of Directors.

David Lock
Managing Director and Chief Executive Officer

Dated this 27th day of September 2017


4576

Independent Auditor's Report

to the Members of Mareterram Limited

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mareterram Limited (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte Touche Tohmatsu ABN 74 490 121 060 Tower 2 Brookfield Place 123 St Georges Terrace Perth WA 6000 GPO Box A46 Perth WA 6837 Australia Tel: +61 8 9365 7000 Fax: +61 8 9365 7001 www.deloitte.com.au

Independent Auditor's Report to the Members of Mareterram Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of non current assets As at 30 June 2017, the carrying value of the Group's goodwill, fishing licences and long lived assets was $2.3m (2016: $2.3m), $25,2m (2016: $25.2m) and $10.8m (2016 $9.4m) respectively, as disclosed in notes 5 and 6. The goodwill is recorded within two of the Group's Cash Generating Units (CGUs), being Fisheries and Food Services divisions. Management was required to exercise significant judgement in determining an estimate of the recoverable amount of the CGUs. Key assumptions requiring management judgement were revenue growth over the forecast period, forecast gross margin, and applicable discount rates.	Our procedures included, but were not limited to: ❖ Comparing management's forecast results to actual results achieved; ❖ Recalculated the mathematical accuracy of the underlying "value in use" calculations; and ❖ Assessing the consistency of the cash flow forecasts with Board approved budgets where the key assumptions were subject to oversight from the Directors. In conjunction with our valuation specialists our procedures also included, but were not limited to: ❖ Assessing the appropriateness of the inputs into management's cash flow forecasts through challenging the following key assumptions: • Revenue growth rates through comparison to economic and industry forecasts where available; • Gross margin through comparison to historical trends; and • The discount rates used through benchmarking against the rates used by comparable organisations. We also assessed the appropriateness of the related disclosures included in note 13 to the financial statements.
Deferred tax liability recognised on indefinite useful life intangible assets As at 30 June 2017 the Groups deferred tax liabilities total $8.1m (2016: $8.3m) as disclosed in note 9. As part of the acquisition of Nor-west Seafood, the Group holds fishing licences with a carrying value of $25.2m (2016: $25.2m), classified as indefinite useful life intangible assets. Management was required to exercise judgement to assess the expected manner of recovery when measuring the deferred tax consequences.	Our procedures to assess the expected manner of recovery included, but were not limited to: ❖ Considered the application of the applicable accounting standard, compared to the provisional position adopted in the 30 June 2016 financial statements; ❖ Challenging management's assumption that the economic benefits of the licences will be recovered through use rather than sale; ❖ Recalculating mathematical accuracy of the deferred tax calculations ❖ Confirming the tax position of the fishing licences as at 30 June 2016 accounts were provisionally accounted for and the adjustments to the deferred tax treatment will be reflected as an adjustment to the comparative results rather than as a restatement of the 30 June 2016 financial statements. We also assessed the appropriateness of the related disclosures included in note 4 to the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 24 of the director's report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Mareterram Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants
Perth, 27 September 2017

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 8 September 2017.

A. Distribution of Equity Securities

i. Ordinary Share Capital

There are **139,535,198** fully paid ordinary shares held by **438** individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

ii. Options

There are **5,000,000** options held by **2** individual option holder

There are no voting rights attached to the options.

iii. Rights

There are **4,687,500** rights held by **2** individual rights holders

There are no voting rights attached to the rights.

The number of shareholders, by size of holding, in each class are:

Class	Fully paid ordinary shares	Options	Rights
1 - 1,000	45	-	-
1,001 - 5,000	62	2	2
5,001 - 10,000	56	-	-
10,001 - 100,000	208	-	-
100,001 and over	67	-	-
	438	**2**	**2**

The number of shareholders holding less than a marketable parcel of ordinary shares is 52.

B. Substantial Shareholders

	Full paid	
Ordinary shareholders	Number	Percentage
Sea Harvest International Pty Ltd	77,983,386	55.89%
Craig Mostyn & Co.	10,000,000	7.17%

C. Twenty Largest Holders of Quoted Equity Securities

Rank	Shareholder Name	Nº of ordinary shares held	% of Total
1	SEA HARVEST GROUP LIMITED	77,983,386	55.89%
2	CRAIG MOSTYN & CO	10,000,000	7.17%
3	ORANGE SUN DEVELOPMENT	5,000,000	3.58%
4	MOLONGLO PTY LTD	3,281,250	2.35%
5	CITICORP NOMINEES PTY LIMITED	3,177,584	2.28%
6	HSBC CUSTODY NOMINEES	2,629,163	1.88%
7	MR ROBERT MCKENZIE MOSTYN	2,500,000	1.79%
8	ORESUSA PTY LTD	2,500,000	1.79%
9	MISTINIKON PTY LTD	1,937,500	1.39%
10	POLLARA PTY LTD	1,859,375	1.33%
11	EGMONT PTY LTD	1,500,000	1.07%
12	YEA-SAYER PTY LTD	1,250,000	0.90%
13	CHESAPEAKE CAPITAL LTD	1,120,000	0.80%
14	MCCUSKER HOLDINGS PTY LTD	1,000,000	0.72%
15	MR STACEY RADFORD	1,000,000	0.72%
16	GARRISON HOLDINGS PTY LTD	875,000	0.63%
17	MR ANTHONY JOHN POWER &	740,000	0.53%
18	BOTSIS HOLDINGS PTY LTD	712,500	0.51%
19	SHERKANE PTY LTD	687,500	0.49%
20	BNP PARIBAS NOMINEES PTY LTD	628,624	0.45%
		120,381,882	86.27%

D. Use of Capital

Pursuant to the requirements of ASX Listing Rule 4.10.19, the Company has used the cash and assets that were readily convertible to cash that it had at the time of reinstatement of its securities to official quotation on ASX, for the whole of the reporting period, in a way consistent with its business objectives.

E. Restricted Securities

Pursuant to the requirements of ASX Listing Rule 4.10.14, the following table lists the securities which are subject to escrow.

Holder	Securities	Escrow period to end
	Ordinary shares	
Craig Mostyn Group	10,000,000	6 January 2018
Orange Sun Development Pty Ltd	5,000,000	6 January 2018

Mareterram

Unit 4, 24 Mews Road
South Fremantle
Western Australia 6162

Tel +61 8 9435 9209

Email info@mareterram.com.au

www.mareterram.com.au